

Commerce

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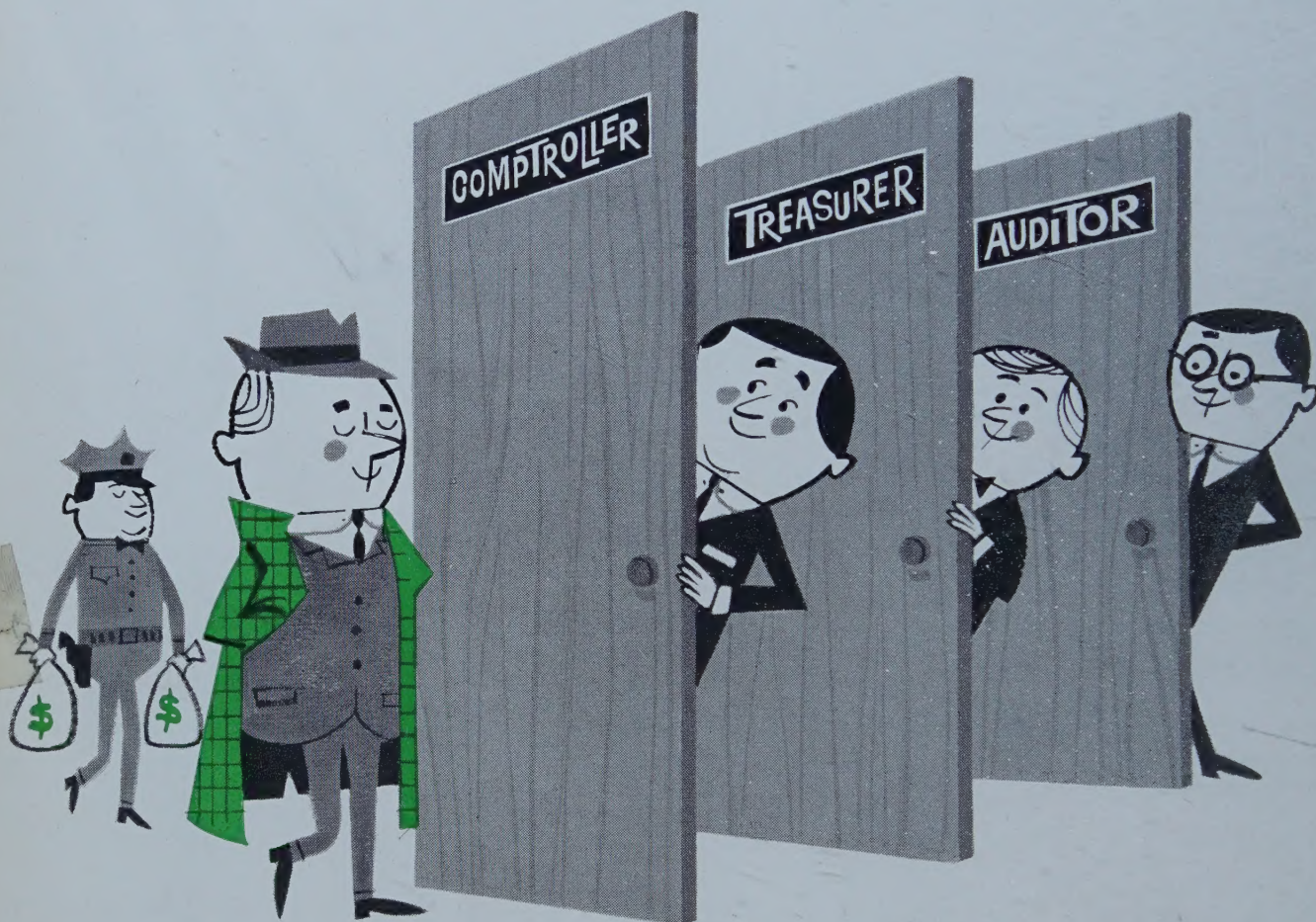
CHICAGO

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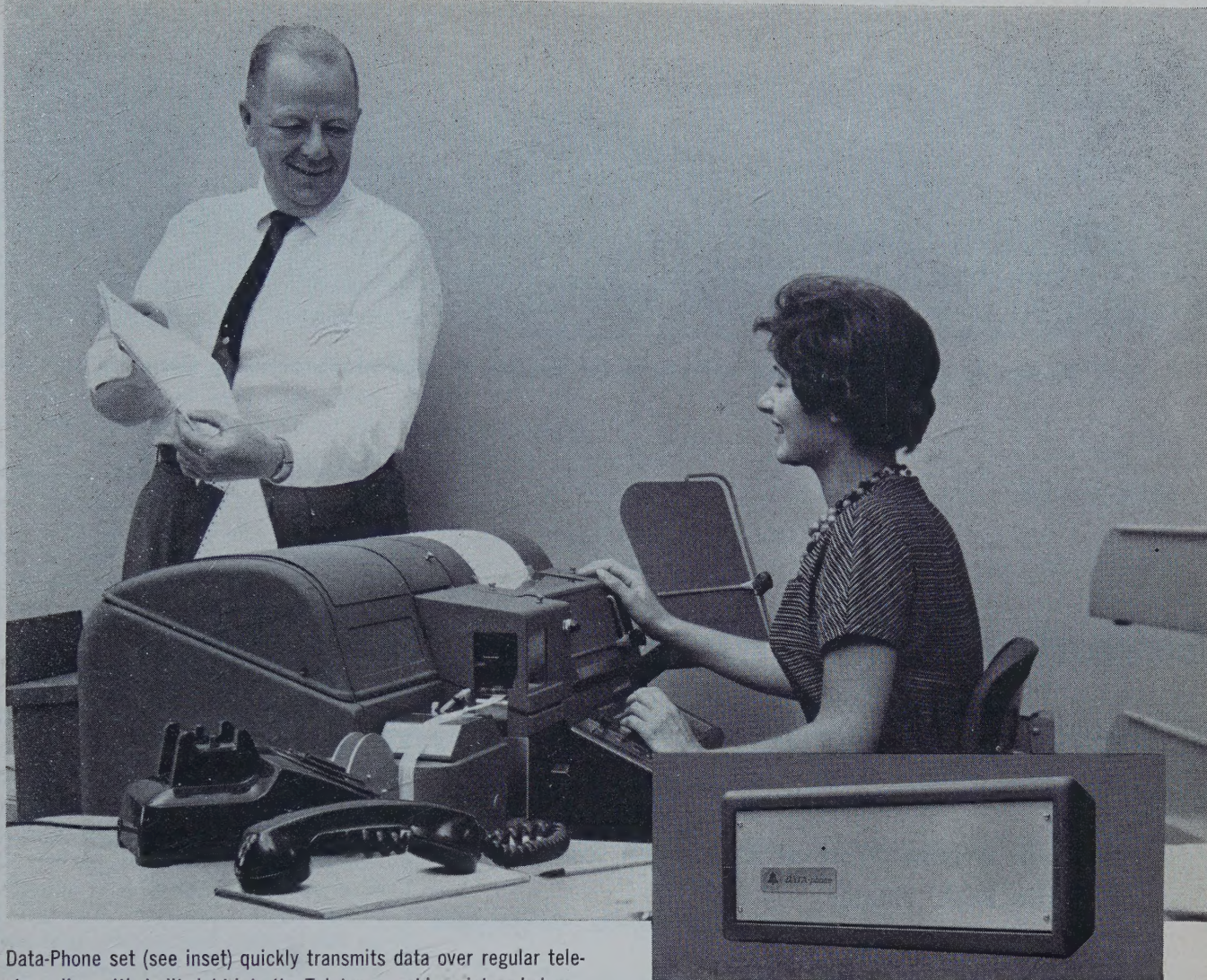
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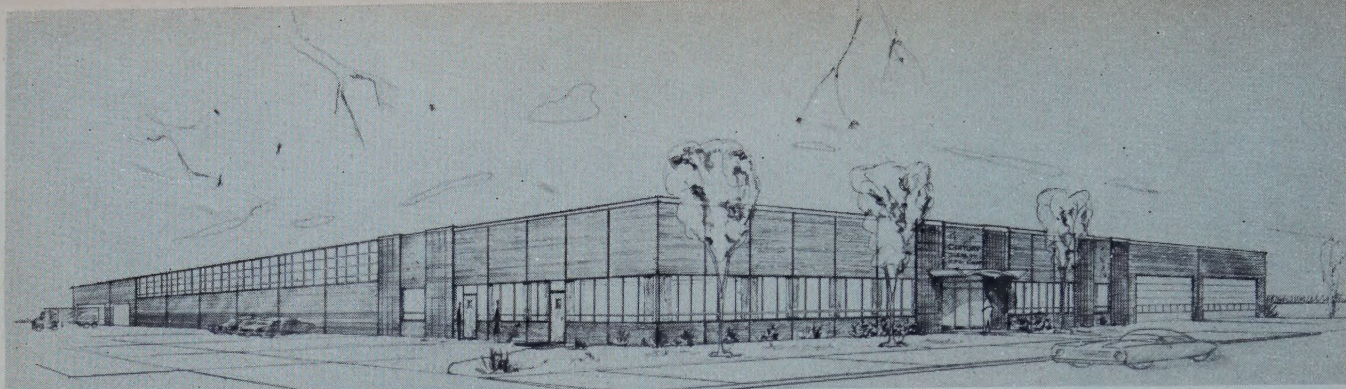
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Commerce

CHICAGOLAND
VOICE
OF BUSINESS

READER'S VIEWPOINT

Volume 58

• Number 11

• December, 1961

To the Editor:

If it is in accord with your policy, we would much appreciate your permission to reprint in our monthly magazine INDUSTRIAL NEWS REVIEW the fine article "Will Private Enterprise Fight to Survive?" by Robert L. Garner. We would naturally give full credit to you and to Mr. Garner.

L. V. HOFER
E. HOFER & SONS
PORTLAND, OREGON

Permission gladly granted. Ed.

To the Editor:

In the November issue of COMMERCE magazine, in an open letter to the members of the Association, Thomas H. Coulter told of the work being done by more than half a hundred committees which are actively promoting Chicago as a good place to live and work. I know, too, that you have done much to promote the good name of Chicago abroad, through the annual Chicago World Trade Fair.

I would imagine that one of the unpleasant reactions you must encounter is the false image of Chicago which has been created by television, sensational newspapers and magazines, all of which have made the name Chicago synonymous with a few of its more sinister citizens, both past and present.

It may interest you to know, therefore, that unexpectedly and without premeditation, we have added what we now hope will be a different reaction to the name "Chicago," at least among those in the building construction industry, both abroad and throughout the United States and Canada.

I am referring to the use of the name of our city in the title of "The

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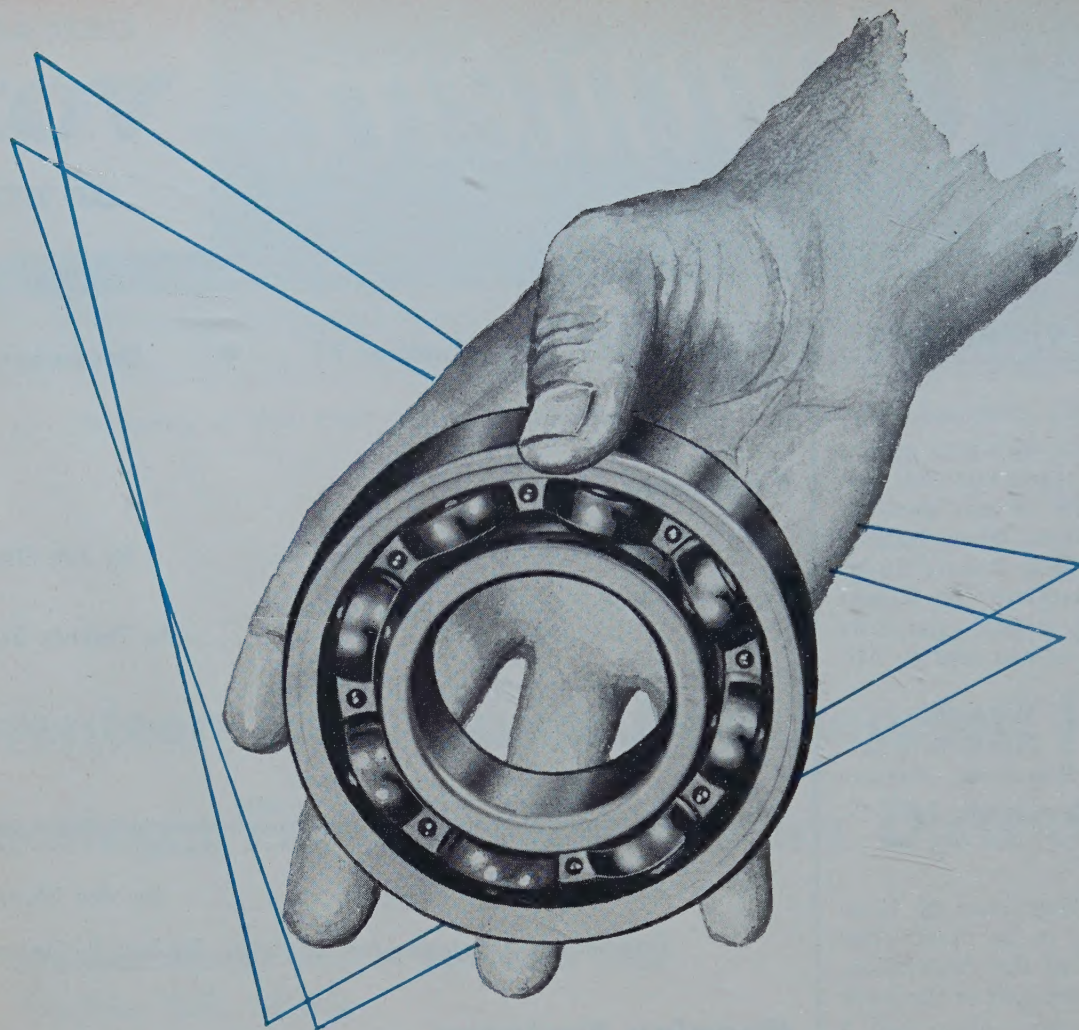
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EYE ON CHICAGOLAND

Thomas H. Coulter

Dear Member:

Scanning galley proofs of interviews with the Association's officers...Division Vice Presidents and chairmen...which will be published in the Annual Report...I was again reminded of the tremendous volume of significant work undertaken and accomplished by this voluntary organization over the past twelve months.

These Annual Report interviews constitute an accounting to the membership of the year's activities. The year 1961 was one of exceptional accomplishment for the Association...as these interviews reveal. Under the able leadership of this community's most civic-minded executives...the officers of the Association...goals are set and met through committee and staff work. Every member can take pride in the Association's program of work...which year in and year out...does so much for the general welfare of all who live and work in the Chicago area. Particularly is this true of the past year's progressive developments.

Every member will want to take the time to read carefully the 1961 Progress Report...and to note the increased number of participants in the 1962 Committee Directory Section of the Annual Report. Copies will be distributed at the Annual Meeting in the Palmer House at noon on Wednesday ...February 7...1962. (The Report will also be bound into the February issue of COMMERCE).

Incidentally...to avoid disappointment...it would be well to make your reservations for the meeting as soon as possible after receiving your official notice next month. Last year's Annual Meeting filled the Grand Ballroom to capacity.

A most unusual and different program has been planned for February 7...centering on Chicago's one hundred and twenty-fifth anniversary as a city. Early reservations will assure you and your party of the best seats for this interesting presentation.

With the dawn of a new year...your Association is prepared with new plans...new projects...new objectives. You'll find these outlined in the Annual Report.

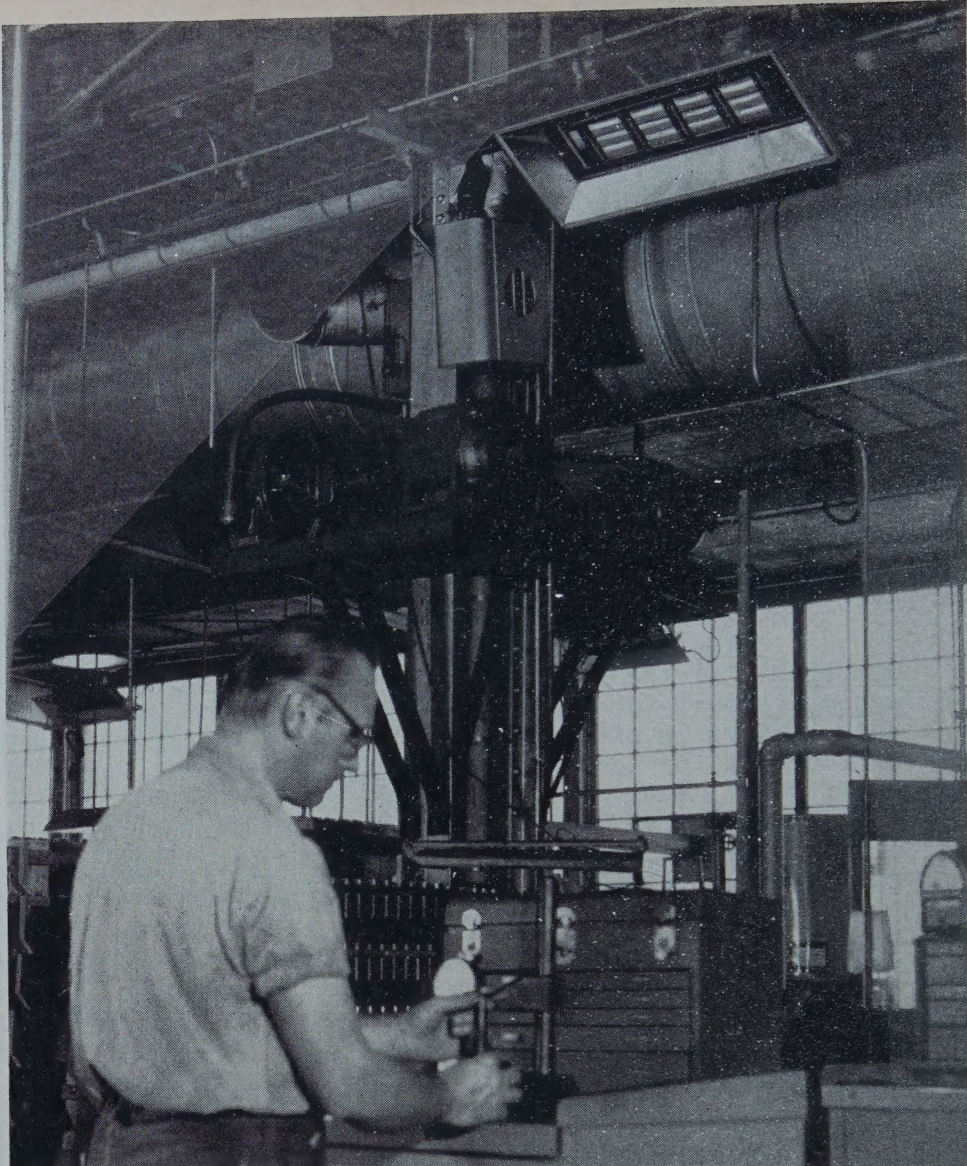
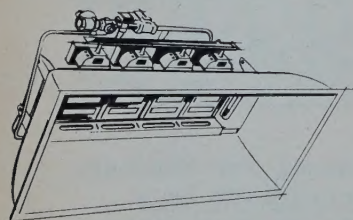
One major emphasis will be that of strengthening Chicago's research and development. A bright start was made November 30 at the first Chicago Area Conference on Research and Development sponsored by the Association's Industrial Development Division and the Society of Business Magazine Editors. The all-day Conference brought together more than 200 experts to discuss new techniques in fostering more research and development and to recommend immediate and long-range plans for community action. You'll be hearing more about this subject...which is so important to Chicago's economy...in the months ahead.

With best wishes for the holiday season and a prosperous New Year.

Sincerely,

Chief Executive Officer, The Chicago
Association of Commerce and Industry

New infra-red Gas heaters spot heat Tuthill Pump Company plant



Tuthill Pump Company, 939 E. 95th St., Chicago, a leading manufacturer of industrial pumps for many years, recently replaced their old heating equipment with infra-red Gas heaters. With 72 of these units strategically placed throughout the plant, Tuthill has achieved maximum flexibility and efficiency in heating specific areas. Operating costs are substantially reduced because the ceramic burners are placed to direct the heat into work areas where it is needed, not in areas that don't require heat.

Even on the coldest days, the infra-red Gas heaters direct warm-

ing rays to supply perfectly controlled heat to the people and equipment below. Like rays from the sun, the energy from Gas burners heats only the objects touched without wasting heat on intervening air. The warmed floors and walls of an infra-red heated building also produce warmth by means of radiation, conduction and convection.

In addition to the comfort of heat without air movement, infra-red Gas burners are economical to operate and require little, if any, attention. For complete details, telephone 431-4842.

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Metropolitan Chicago Trends

	Oct. 1961	Sept. 1961	Aug. 1961	Oct. 1960	% Change 10/61 vs. 10/60		Cumulative—10 months 1961	% Change from 1960
POPULATION AND GENERAL GROWTH TRENDS:								
Population:								
—Metr. Area (000) Estimated	6,975.9	6,966.0	6,955.7	6,885.1	+ 1.8	LM	6,975.9	+ 1.8
Recorded Births:								
—Chicago	7,817	8,026	8,123	8,058	— 3.0	T	76,985	— 2.4
—Metr. Area (6 Ill. Counties)	13,270	13,354	13,640	13,254	+ 0.1	T	126,816	+ 0.3
Recorded Deaths:								
—Chicago	3,218	2,982	3,119	3,305	+ 2.6	T	31,995	— 3.7
—Metr. Area (6 Ill. Counties)	5,108	4,890	4,899	5,088	+ 0.4	T	50,182	— 1.0
Marriage Licenses	4,843	5,659	6,367	4,998	— 3.1	T	48,225	— 0.7
No. of Main Tel. in Service (Ill. Bell) (000)								
—Business Telephones	336.4	335.9	335.4	330.7	+ 1.7	LM	336.4	+ 1.7
—Residential Telephones	1,730.5	1,724.3	1,721.4	1,710.1	+ 1.2	LM	1,730.5	+ 1.2
INDUSTRY:								
Index of Ind. Production (1947-49=100)	136.0p	135.0r	135.0	131.4	+ 3.5	A	133.4p	— 1.5
Steel Production (000 Sh. Tons)	1,684	1,667	1,634	1,314	+ 28.2	T	15,413	— 8.7
Petroleum Refining (Jan. 1957=100)	N.A.	105.8	108.1	100.2	N.A.		N.A.	N.A.
Ind. Gas Consumed—Chgo. (000 Therms)	13,234	12,337	11,774	13,819	— 4.2	T	139,909	— 2.4
Electric Power Prod. (000,000 K.W.H.)	2,168	2,181	2,287	1,978	+ 9.6	T	20,912	+ 5.8
Dressed Meat Under Fed. Insp. (1953=100)	64.9	62.0	62.1	64.0	+ 1.4	A	62.8	+ 2.6
TRADE:								
Dept. Store Indexes (1947-49=100)								
—Sales (Seasonably Adjusted)	130	125	124	130	0.0	A	126	+ 2.4
—Inventories (Seasonably Adjusted)	147	150	153	145	+ 1.4	A	145	+ 1.4
Retailer's Occupation Tax Collections (Municipal Tax Excluded) (000)								
—Chicago	N.A.	\$ 11,135	\$ 10,539	\$ 9,711	N.A.	Tx	\$ 90,444	— 10.6
—Chicago Metr. Area (6 Ill. Counties)	N.A.	\$ 19,672	\$ 18,996	\$ 16,757	N.A.	Tx	\$ 158,147	— 7.8
Consumer Price Index (1947-49=100)								
All Items—Chicago	131.3	131.1	130.8	130.7	+ 0.5	A	130.5	+ 0.5
New Passenger Cars—No. of (R.L. Polk)	24,944	13,091	20,364	22,880	+ 9.0	T	221,509	— 17.7
EMPLOYMENT AND PAYROLLS:								
Total Labor Force (000)	3,040.7p	3,030.7r	3,037.7	3,026.0	+ 0.5	A	3,033.7	+ 0.1
—Employed (000)	2,900.2p	2,889.3r	2,869.8	2,902.2	— 0.1	A	2,851.9	— 1.3
—Non Agric. Wage & Salary Workers (000)	2,582.8p	2,576.0r	2,550.1	2,583.9	— 0.0	A	2,529.0	— 1.5
—Manufacturing (000)	939.3p	936.3r	927.0	949.3	— 1.1	A	915.3	— 5.0
—Durable (000)	610.1p	605.3r	597.0	615.9	— 0.9	A	589.2	— 6.7
—Non Durable (000)	329.2p	331.1r	329.9	333.5	— 1.3	A	326.1	— 1.8
—Non-Manufacturing (000)	1,643.5p	1,639.7r	1,623.1	1,634.6	+ 0.1	A	1,613.7	+ 0.5
—Unemployed (000)	140.0p	141.4r	167.9	123.8	+ 13.1	A	181.6	+ 42.5
Insured Unemployment Cook and DuPage Counties (000)	39,288	40,446	46,975	42,077	— 6.6	A	64,275	+ 39.7
Families on Relief (Cook County)	33,992	34,773	35,842	32,842	+ 3.5	A	37,268	+ 6.4
Weekly Earnings in Mfg. (6 Ill. Cos.)	N.A.	\$ 104.84	\$ 102.69	\$ 100.03	N.A.	Ax	\$ 101.56	+ 2.6
Weekly Hours in Mfg. (6 Ill. Cos.)	N.A.	40.8	40.3	40.0	N.A.	Ax	39.9	— 0.7
CONSTRUCTION AND REAL ESTATE:								
All Building Permits—Chicago	1,835	1,700	2,193	1,962	— 6.5	T	18,649	— 14.4
—Cost (000)	\$ 30,592	\$ 41,889	\$ 32,645	\$ 33,449	— 8.5	T	\$ 359,133	+ 6.0
Dwelling Units Authorized by Bldg. Permits	3,429	4,109	4,076	3,803	— 9.8	T	39,815	+ 11.2
(Bell Savings & Loan Assn.) (No. of)								
—Single Family Units (No. of)	2,323	1,943	2,493	2,296	+ 1.2	T	21,740	— 6.9
—Apartment Units (No. of)	1,106	2,166	1,583	1,507	— 26.6	T	18,075	+ 46.5
Construction Contracts Awarded								
—All Contracts (000)	111,582	120,185	139,317	119,636	— 6.7	T	1,249,172	— 8.5
—Non-Residential Contracts (000)	38,449	39,716	68,663	47,274	— 18.7	T	442,748	— 22.1
—Commercial Contracts	15,270	14,017	34,060	10,978	+ 39.1	T	158,248	— 21.2
Vacant Industrial Bldg. (1954-55=100)	84.0	81.0	81.4	95.9	— 12.4	A	83.3	— 10.7
Idle Electric Meters (% of all Meters)*	2.67	2.47	2.44	2.34	+ 14.1	A	2.25	+ 10.3
Industrial Plant Investment (000)	\$ 21,601	\$ 11,849	\$ 16,990	\$ 16,361	+ 32.0	T	\$ 210,611	+ 2.7
Construction Cost Index (1913-100)	679	679	678	662	+ 2.6	A	670	+ 2.0
Structures Demolished—City of Chicago	117	99	112	204	— 42.6	T	1,521	— 40.7
Real Estate Transfers—Cook County	5,865	5,401	6,140	5,533	+ 6.0	T	51,448	— 8.6
Stated Consideration (000)	\$ 2,404	\$ 3,702	\$ 3,275	\$ 3,354	— 28.3	T	\$ 29,224	— 18.3

T=Total of 10 months. Tx=Total of 9 months. A=Average of 10 months. Ax=Average of 9 months. LM=Latest month. P=Preliminary. NA=Not Available. * Indicates residential vacancy rate. r=Revised.

(Continued on page 8)

Trends

(Continued from page 7)

FINANCE:

	Oct. 1961	Sept. 1961	Aug. 1961	Oct. 1960	% Change 10/61 vs. 10/60	Cumulative—10 months 1961	% Change from 1960
Fed. Res. Member Banks in Chicago							
—Demand Deposits (000,000)	\$ 4,178	\$ 4,103	\$ 4,076	\$ 4,224	— 1.1	A \$ 4,200	+ 0.6
—Time Deposits (000,000)	\$ 2,370	\$ 2,346	\$ 2,334	\$ 1,980	+ 19.7	A \$ 2,265	+ 18.6
—Loans Outstanding (000,000)	\$ 4,717	\$ 4,629	\$ 4,545	\$ 4,782	— 1.4	A \$ 4,709	+ 1.2
—Com. & Industrial Loans (000,000)	\$ 2,682	\$ 2,677	\$ 2,661	\$ 2,956	— 9.3	A \$ 2,712	— 2.9
Bank Debits—Seasonally Adj.							
Annual Rate (000,000)	\$256,736	\$254,066	\$240,594	\$246,924	+ 4.0	A \$ 249,991	+ 5.7
Chicago Bank Clearings (000,000)	\$ 5,843	\$ 5,260	\$ 5,749	\$ 5,562	+ 5.1	T \$ 57,379	+ 3.2
Insured Savings & Loan Assoc.							
Cook County							
—Savings Receipts (000,000)	\$ 139.0	\$ 127.8	\$ 136.7	\$ 124.9	+ 11.3	T \$ 15,416	+ 8.8
—Withdrawals (000,000)	\$ 91.7	\$ 98.4	\$ 112.8	\$ 82.2	+ 11.6	T \$ 11,605	+ 7.0
—Mortgage Loans Originated (000,000)	\$ 91.6	\$ 101.2	\$ 110.3	\$ 77.5	+ 18.2	T \$ 8,986	+ 17.5
Business Failures—Chicago							
—No. of Failures	41	32	35	25	+ 64.0	T 365	+ 29.9
—Total Liabilities (000)	\$ 2,698	\$ 2,119	\$ 1,761	\$ 1,249	+116.0	T \$ 22,405	+ 1.3
Midwest Stock Exchange Transactions:							
—No. of Shares Traded (000)	3,151	2,914	3,814	2,439	+ 29.2	T \$ 36,425	+ 39.4
—Market Value (000)	\$142,461	\$125,585	\$158,116	\$ 88,151	+ 61.6	T \$1,451,689	+ 41.3

TRANSPORTATION:

Carloads of Rev. Frt. Originated	107,538	101,128	103,701	105,788	+ 1.7	T 975,328	— 12.7
Express Shipments: Rail, No. of	719,185	646,265	673,895	703,331	+ 2.3	T 6,387,745	— 4.1
Air, No. of	98,698	90,221	90,883	92,718	+ 6.4	T 859,471	— 0.1
Natural Gas Dlv'd. by Pipe Line (000,000 Cu. Ft.)	39,829	33,128	32,710	33,834	+ 17.7	T 384,287	+ 13.9
Freight Originated by Common Carrier							
Intercity Trucks—(Jan. 1958=100)	117.0p	131.6r	145.6	117.2	— 0.2	A 120.2	— 1.6
Air Passengers: Arrivals	459,905	462,154	485,944	518,158	— 11.2	T 4,490,678	— 9.9
Departures	478,210	470,886	503,988	527,102	— 9.3	T 4,613,761	— 8.6
Chicago Transit Auth. Passengers:							
—Surface Division (000)	33,855	30,861	31,447	35,838	— 5.5	T 330,384	— 6.3
—Rapid Transit Division (000)	9,639	8,648	9,206	9,446	+ 2.0	T 90,921	— 2.7
Barge Line Freight Originated (000 lbs.)	335,372	331,681	311,424	248,651	+ 34.9	T 2,857,915	+ 9.5

T=Total of 10 months. Tx= Total of 9 months. A=Average of 10 months. Ax=Average of 9 months. LM=Latest month. P= Preliminary. NA=Not Available. * Indicates residential vacancy rate r=Revised.

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Chicago: Big league center for sporting goods

In the booming business of fun, Chicago and its surrounding area qualifies as the nation's largest sporting goods center, making equipment worth tens of millions of dollars for every sport from bowling to boating to badminton.

Because the trend is swinging from viewing to doing, the sporting goods industry is riding the crest of a phenomenal boom in sports and leisure-time activities. It is a boom which in the past ten years has seen the nation's expenditures for recreation soar by an impressive 57%.

Last year alone, the industry sold over \$2 billion dollars' worth of sporting goods. Of this, a major part was manufactured in Chicago and the Chicagoland area.

The roster of firms in the area is impressive: one of the leading manufacturers of bowling equipment, two of the three largest companies in team sports equipment (baseball, football, basketball, volleyball), the two top golf suppliers, plus over 100 other companies in the recreation market have their headquarters in Chicago. Together, these firms produce tens

of millions of dollars in equipment annually. They, and other makers of sporting goods, are busy turning out standard sports equipment, yet at the same time they are constantly devising ingenious new products, ranging from fluorescent golf balls to fumble-proof footballs.

The sporting goods industry is but a part of the rich, ever-expanding Chicago market. And playing an important role in the industry's growth have been the up-to-date information and the financial aid of The First National Bank of Chicago.



The First National Bank of Chicago

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MEMBER F.D.I.C.

It wasn't easy to say "NO" for 24 years ...

IN 1937, Teacher's Highland Cream was the leading Scotch whisky in America... a leadership attributable to Teacher's traditional policy that Quality must always prevail over Quantity... that only exceptionally fine Scotch could ever bear the Teacher's name.

DESPITE a vigorous expansion program planned to satisfy the growing world market, the tremendous demand for Teacher's outstripped the firm's ability to supply their quality whisky.

TO the suggestion that Teacher's Highland Cream meet the demand by varying its quality... the Board of Directors gave an unequivocal "no"... a "no" that has endured 24 years and has kept Teacher's in limited supply throughout the world.

But now ...

MR. RONALD M. TEACHER, Chairman of the Board, reveals he is confident that the firm has now sufficient stocks so that Teacher's can once again be in free supply in the United States.

SO now at last your retailer can supply you with Teacher's by the case or fill an order for as many bottles as you wish. Perhaps you were very young 24 years ago; if so, why not try something that has been worth waiting for.



It's the flavour... unmistakable

TEACHER'S
HIGHLAND CREAM SCOTCH WHISKY

BOTTLED IN SCOTLAND

BLENDÉD SCOTCH WHISKY / 86 PROOF / SCHIEFFELIN & CO., NEW YORK



editor's page

.....

Thought You'd Like To Know

Recently COMMERCE was favored with an eight-page single spaced digest of a more extensive article by the press department of the Washington Embassy of the Union of Soviet Socialist Republics. The article by a Professor F. Bystrov was on the always intriguing subject of credit relations of the USSR. In the main, the content was a straightforward recital of the loans the USSR has made to its satellites and to non-satellite underprivileged nations throughout the world.

Other parts of the treatise, however, were interesting both for what they said and how they said it and what was left unsaid. For example, the propaganda message was established in paragraphs four and five with all the delicacy of Mr. Khrushchev pounding on the desk at the UN with his shoe, as follows:

"Credit relations of the USSR with other states diametrically differentiate from credit relations among capitalist countries. Credits and loans extended by large capitalist countries are of enslaving nature and pursue the aims of subjugating the economies of borrowing countries, of seizing markets and increasing their political influence in debtor countries.

"The main credit-lending country in the capitalist world in the postwar time is the United States. U. S. credits to other countries are largely used for investing in such industries whose development corresponds to selfish interests of American monopolies. Substantial part of U. S. credits is used for payments of arms deliveries and for boosting war industries in borrowing countries. U. S. credits thwart the normal development of production forces in debtor countries and present an onerous burden for their economies. Repayment of U. S. credits and payments of big interest on them have a crippling effect on the balance of payments of debtor countries."

On a second reading, these paragraphs which at first caused mild disquiet became a subject for grave concern. At least half the nations of the world, including some behind the Iron Curtain, are seeking and many are receiving, loans and/or grants from the capitalist U. S. Whatever will happen to this lucrative business of ours if these misguided nations seeking our bounty catch up with the enlightened word from the USSR? Surely this is something for all hardworking U. S. taxpayers to lie awake nights worrying about.

As Professor Bystrov's treatise progressed, it proclaimed: "The principle of mutual advantage and genuine equality of sides lies at the basis of credit relations of the USSR with other countries. Soviet

credits have the nature of economic aid. The USSR has no hand in administration or profits of enterprises built with its aid thanks to granted credits. Nor does it hold control over these enterprises."

Sounds like philanthropy at its best, doesn't it? But a little later, the presence of the cat in the bag is suggested: "Credits of socialist countries promote the growth of their material resources, the rational division of labour among these countries and further development of the world socialist market."

There are no ulterior purposes in the altruistic loans of the USSR other than development of a "world socialist market" with the division of labor (category of production—Ed.) being determined according to the rationalité of the only aggressive colonial power in the world today, the USSR.

There is also, it seems, interest and interest; namely, capitalistic and socialistic. Here are the semantics: "The rate of interest on Soviet credits basically differs from that of capitalist countries which is a part of surplus value and which is expressed in the form of price on loan capital. The charging of interest in relations among countries of the socialist camp is explained by the fact that the creditor country withdraws material values from her national economy which could be used in her production and give an increase in her output, and hands them over to another country. The equivalent of these values the creditor country will receive back only in a definite period of time."

Pretty involved but the distinction still seems to be that interest is interest and is deserved. The USSR even with its much more limited experience than the U.S.A. has also learned, to put it in the vernacular, that loans can turn sour. Professor Bystrov reports:

"In the process of Soviet-Chinese negotiations in April, 1961, the Soviet Union treated with great understanding temporary economic difficulties encountered by China, deferring and spreading over five years, on an interest-free basis, the payment on the outstanding obligations incurred by the CPR government in the trade operations of 1960."

There is a nasty old capitalistic expression which applies — you can't get blood out of a turnip.

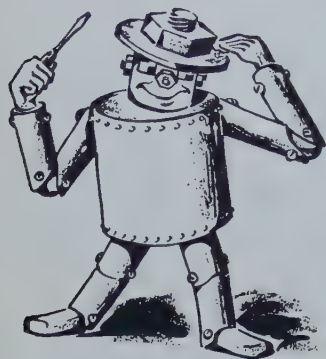
The letter of transmittal accompanying Professor Bystrov's paper said, "The enclosed material is sent to you to contribute toward a broader knowledge of the field treated by your publication.

"If you find it possible to use the material in any form, we would appreciate your sending us a copy."

To paragraph one, we can only say we hope we have contributed to a broader knowledge. To the second, we certainly shall. And finally, we cannot help but wonder if the press section of the U. S. Embassy in Moscow would be permitted to distribute such a crass but naive piece of propaganda to the Russian press.

Alan Study

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• **Economics Updated**—"Economics for the 1960s" a 99-page booklet aimed at updating thinking in economics, has been published by the First National Bank of Hawaii, Honolulu, Hawaii. The booklet consists of a series of talks given at luncheon lectures sponsored by the bank exploring methods of studying and understanding economics, such as techniques of analysis, new statistical tools, and newly developed concepts. Topics discussed include labor; unions; comparative stability of the American economy; money and banking developments; the impact of the military; causes, consequences and mechanics of inflation, and others.

• **Military Surplus Sale**—Upwards of \$15 million worth of armed forces items such as metal and woodworking machinery construction items, clothing, ships, tugs and vehicles, will be auctioned off at the Sheraton-Chicago Hotel on January 30 and 31. Pictures of goods will be shown in color slides. Catalogs can be obtained by request from M. H. Meier, Chief, Consolidated Surplus Sales Office, Rock Island Arsenal, Rock Island, Ill.

• **Business Equipment Exposition**—Surpassing even the two-floor presentation in New York's Coliseum last April, the Chicago staging of The Business Equipment Exposition, set for McCormick Place April 9-13, will be the largest exposition sponsored by the Business Equipment Manufacturers Association. More than 70 leading foreign and domestic manufacturers will display nearly \$30 million worth of the latest management products. Approximately 40,000 business executives from the U.S. and many foreign countries are expected to attend.

• **Public Relations Firms Join**—The London public relations firm,

Galitzine and Partners Ltd., headed by Prince Yurka Galitzine, is joining with the Philip Lesly Company, headquartered in Chicago, to form a new international public relations organization. The Lesly firm is forming an affiliate, Galitzine, Lesly International, Inc., to function in its five U. S. offices, and Tisdall, Clark and Lesly Ltd. in Canada. Galitzine is forming a Lesly, Galitzine subsidiary in London. Both parent companies will remain autonomous and unchanged.

• **New South Suburban Directory**—Population gains in Chicago's south suburbs are reflected in "The South Suburban Street Address Directory, compiled and published by The Reuben H. Donnelley Corporation, Chicago. It covers 51 principal communities in Cook County and contains 114,000 listings of families and business by street addresses. Communities with the sharpest rate of increase in a five-year period are Chicago Ridge, including Hickory Hills and Palos Hills, up 129 per cent; Markham, including Oak Forest, up 83 per cent, and Dolton, up 65 per cent.

• **New Management Magazine**—The first edition of "Management of Personnel Quarterly," a new magazine prepared by the Bureau of Industrial Relations of the University of Michigan's School of Business Administration, appeared in November. Aimed at business executives, personnel managers and supervisors, it contains articles by leading businessmen, social scientists and management researchers emphasizing principles and concepts with practical application to current business situations.

• **New Export Operation**—Cenco Instruments Corporation will move its export operation to Chicago from Mountainside, New Jersey, it was

announced by Ralph C. Read, Cenco president. The export department will be enlarged and housed in a new 110,000-square-foot facility recently acquired at 6450 West Cortland Street here. Read said the firm plans to quadruple present export volume in two years, with special emphasis on Latin American and African markets. Cenco manufactures scientific instruments and apparatus for education, industry and research.

• **Future Jobs**—In an article entitled "Should They Finish School?" written for U.S. Steel News, employe publication, Dr. John C. Warner, president of Carnegie Institute of Technology, warns that by 1970 there will be no more jobs for unskilled workers in the U.S. than there are at present. In the same period, he says, jobs for semi-skilled workers will increase by 25 per cent, and jobs for professional and skilled technical workers by 60 per cent.

• **Steelworkers Fringe Benefits**—Vacation and holiday pay for more than 600,000 steelworkers in 1960 amounted to nearly \$210 million, adding nearly 25 cents to the hourly employe costs, says Steelways, official publication of American Iron and Steel Institute. Of this, vacation pay accounted for 19.5 cents, or \$164 million, while seven premium-pay holidays amounted to 5.4 cents, or \$46 million. Steelways adds that in 1960 the steel industry spent more than \$759 million in fringe benefits, equalling 24 per cent of the industry's total hourly employment costs.

• **New Consultant Firm**—Donald R. Booz and Associates, consultants to management, have opened offices at 20 North Wacker Drive. Principals are Donald R. Booz, James A. Hynes and Thomas J. Roy.

• **Cooperative Furniture Show**—For the first time, the American Furniture Mart and the Merchandise Mart, the two largest marketing buildings in the world, will join forces to promote the International Home Furnishings Market, January 8-17, in Chicago.

• **New Nursing Home**—Portions of the former St. Luke's Hospital will be rehabilitated to create a non-sec-

(Continued on page 35)



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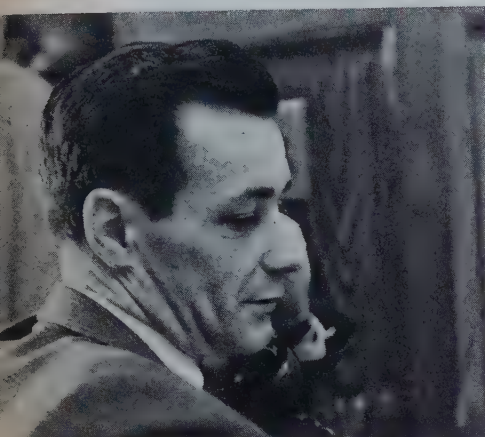
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"People aren't too fussy about 2 or 3 per cent discounts"
Marc Hardy
Quebec Tourist Bureau



Seeks end to Canadian money drain
Marshall A. Crowe
Economic Adviser, Toronto Imperial Bank of Commerce

Forced the Canadian dollar to a "significant" discount
Donald M. Fleming
Canadian Finance Minister



YANKEE



GO HOME

By **JIM ELLIOTT**

Assistant Financial Editor, Chicago Sun-Times

Jim Elliott, well-known Chicago financial reporter, has just returned to Chicago after a Canadian tour during which he personally interviewed leading businessmen and government officials as part of this special report for COMMERCE.

Canadian attitudes toward U.S. investments, the effects of the devaluation of the Canadian dollar, reaction to Britain's proposed entry into the European Common Market, are summarized in Elliott's report to COMMERCE readers. Elliott finds, contrary to widely published reports, U.S. investments and the U.S. businessman are warmly welcomed north of the border. Ed.

NOT long ago the chief executive of a large Chicago corporation told this writer: "Yes, we have an operation in Canada. But we run it from here. Of course, we don't let the Canadians know this."

His remark unknowingly epitomized a basic conflict existing between the United States and Canada, a conflict that in recent years has been dramatized by still-growing U.S. investments in Canada and the lack-luster performance of the Canadian economy.

Canada's 18 million people and 3.8 million square miles comprise this country's largest and most fertile foreign market. U.S. investments there exceed \$16 billion (against \$4

billion in 1947), representing more than \$900 for every man, woman and child in Canada and 80 per cent of Canada's total foreign capital.

George Hees, Canadian Minister of Trade and Commerce, estimated recently that an average of 56 per cent of Canadian industry was controlled by U.S. interests. There is no indication that this inflow of U.S. capital will stop. While it has declined from the half-billion-dollar-a-year levels of 1957 and 1958, the U.S. Department of Commerce expects the U.S. to invest \$250 million in Canada in 1961 (against \$290 million in 1960) and projects \$190 million in 1962.

There would be little, if any, resentment to this massive inflow of U.S. dollars, explained a top Canadian government economist in Ottawa, "as long as we were running all out." The trouble is that the Canadian economy in recent years has been moving sideways rather than forward.

Persistent Problems

Marshall A. Crowe, economic adviser for the Canadian Imperial Bank of Commerce, Toronto, is one who believes this difficulty originates with Canada's "persistent" problem of imbalance of international payments. He points to these facts:

Last year Canada, with a Gross National Product of \$36 billion, had an unfavorable payments gap of \$1.27 billion (the United States with a GNP of \$500 billion had a deficit

of \$3.9 billion). It was the ninth year in the last 10 the Canadian imbalance had approximated \$1 billion. In both 1959 and 1960 much of Canada's deficit was in non-merchandise transactions and close to \$500 million of this total was interest and dividend payments to U.S. sources.

While the inflow of foreign investment capital had enabled Canada to live with its annual deficits "what gets us over the hump this year adds to the problem next year," Crowe explained.

Storm Warnings

With the Canadian GNP advancing at a rate approximating 6 per cent per year, as it did from 1949 to 1956, these deficits could be digested without discomfort. But as Canada's annual growth rate slowed to less than two per cent, as it has since 1957, storm warnings were raised. The inflow of foreign capital pushed the Canadian dollar to a five cent premium over the U.S. dollar (the Free World's standard in foreign trade), thus dulling the competitive edge of Canadian exports in rapidly expanding foreign markets.

Knowledgeable Canadians believe that unemployment was the prime factor triggering action by the government to stimulate a stagnating economy. At the end of 1960 unemployment totaled 8.2 per cent of the labor force. Last February joblessness hit 11.3 per cent. The government moved on two fronts.

In December, 1960, it offered to

the House of Commons a supplementary budget designed (according to one official) "to put the brake on foreign investments in Canada. A 15 per cent tax on branch operations was instituted and wholly-owned subsidiaries had taxes raised from five per cent to 15 per cent. To encourage greater investment of Canadian enterprises, the four per cent surtax on investment income from Canadian sources was repealed.

Last June, in his budget message, Finance Minister Donald M. Fleming announced the government would force the Canadian dollar to a "significant" discount. In addition, the government would (1) attempt

Tourists this year are visiting Canada in record numbers and nowhere is this more apparent than in Quebec at the imposing Chateau Frontenac

Synthetic rubber produced in Sarnia, Ontario, and bound for Hamburg, Germany, is loaded at Sarnia for shipment through the St. Lawrence Seaway



to narrow the spread between higher yielding Canadian bonds and lower yielding American bonds; (2) offer incentives to Canadian business through more liberal depreciation allowances and tax credits for research and (3) ease credit.

It was the consensus that the Fleming program sought an improved balance of foreign investments in Canada in relation to Canadian investments and a larger share of world markets for Canadian export-

(Continued on page 28)





Driver and helper climb from swamped truck at Western avenue near 75th street on June 14, 1958
Chicago Tribune photo



Creek at 83rd street and Narragansett avenue overflows its banks during heavy rains, April 28, 1959
Chicago Tribune photo

FLOOD CONTROL

for metropolitan chicago

By **THOMAS BUCK**

An extra line in an advertisement caused an especially large crowd of home seekers to appear on the opening day of a new subdivision in a beautiful rolling countryside of Cook County. The builder's ad had read: "Live on one of the highest points in the Chicago area."

In no time at all, every house in the subdivision was sold. All of the new home owners felt that they had made a good buy—truly a find of a lifetime. But then came the first big rain. And much to everyone's consternation and disgust, every basement filled with water. The flood

occurred as quickly as if the houses had been built in the middle of a dry swamp.

Moreover, what perhaps none of the home buyers may still not realize is that they were living in an area that could well be classified as a swamp. And at the same time they actually were living at one of the highest points in Cook county. What's more, the stage for their predicament had been set some 10,000 years before—at the time when the last of several glacial periods ended in what was to become the Chicago area.

That last glacier—known as the Wisconsin—had been effective but erratic as a bulldozer of nature. In

Flooded intersection of Archer avenue and 47th street, Sept. 14, 1961

Chicago Tribune photo



moving earth from the north, it had left in this area the Valparaiso moraine—a surface varying from smooth or gently undulating plains to rounded hills and saucer shaped valleys with contained ponds or swamps.

What the new home owners at the high point in Cook county were living in was one of the saucer shaped valleys left behind by the Wisconsin glacier. When the big rain came, the ground could not absorb the water fast enough so it flowed into the basements.

In the present rapid development of the Chicago metropolitan area, the swells and saucers in land formation from the ice age have become an especially important factor as governmental agencies are teaming up in a concerted effort to produce an effective flood control program.

In fact, so important is this topographical factor that the governmental agencies have placed a flood mapping program at the top of their agenda for immediate attention. Now, with the cooperation of the United States Geological Survey, the first flood mapping program of its kind in the nation is under way in metropolitan Chicago.

“Flood Plain” Areas

Altogether, the project, scheduled to be completed in five years at a cost of \$268,000, will produce 44 detailed “flood plain” maps for approximately 2,500 square miles, with each map covering a topographic quadrangle of 57 square miles. One map already has been completed for the “flood plain” areas along the Little Calumet river and its tributaries in the vicinity of Chicago Heights. As other maps are finished, they are to be made available immediately to the public.

For county and municipal governments, the maps will be invaluable in the enforcement of new subdivision regulations prohibiting construction in critical areas subject to frequent flooding. Instead, these areas are to be earmarked for development as forest preserves and other park and recreational uses.

For the home building industry, the maps will serve as excellent guides for locating new subdivisions and determining what precautions in terms of sewers or types of construction should be taken to avoid

(Continued on page 31)



Motel's name was sadly prophetic following downpour at Fox Lake



Aerial scene from Fox River Valley shows flood damage after heavy rain

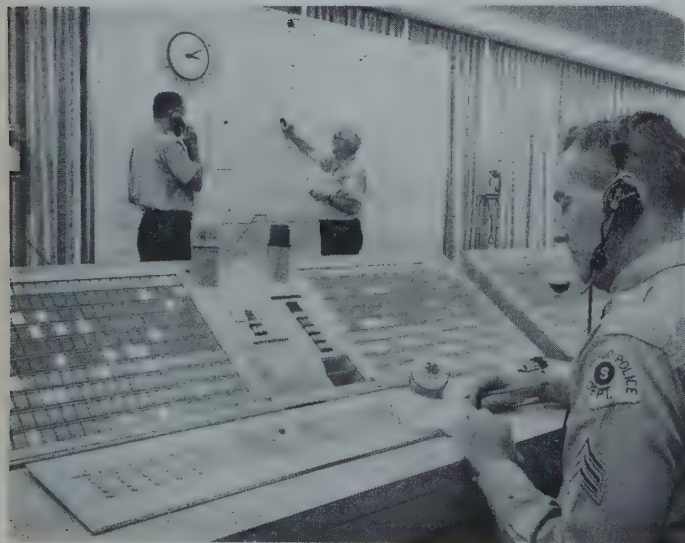


Lowlands near Fox River Grove show effects of downpour in this aerial flood scene

Business Highlights



A portion of the new Chicago Police Department Communications Center showing close-up view of city-wide console with magnetized map in background. The unique system, which went into operation November 21, facilitates dispatching of police to trouble areas. Equipment was manufactured by Motorola, Inc.



Artist's rendition of proposed 120 Madison St. building, which will be the newest in Chicago's financial district. It offers floor area of 101,130 square feet. Exterior is glass and white marble. Architect—Shaw Metz and Associates

Papier-mache figures depict Christmas customs around the world in exhibit at Continental Illinois National Bank and Trust Co. through December 29. Shown are a Czechoslovakian girl wrapping presents; a Polish boy and girl sharing the wafer, Bishop Nicholas of Austria chasing the devil Krampus, a Liberian devil dancer, and Befana, the old witch who brings presents to Italian children

In patrol car, police officer acknowledges radio order from Communications Center. For patrol purposes, city has been divided into eight radio zones, each zone divided into patrol beats. Through the use of 11 pairs of frequencies, calls are aired as soon as received, eliminating delays





The 1961 honor plaque of the Iowa College Foundation was awarded to the United States Steel Foundation for its continuing program of financial aid to education in Iowa and the nation. Presenting the plaque are Marvin M. Schmidt (r.) of Des Moines, president of the Iowa group, and Dr. Howard R. Bowen (l.), president, Grinnell College, Grinnell, Iowa. Accepting the award are Dr. W. Homer Turner (second from l.), executive director, U. S. Steel Foundation, and Edward C. Logelin, Vice President, U. S. Steel Corp.

Biggest freighter ever to enter the Calumet River and Port of Chicago, the Shenango II, loads grain at Cargill, Inc. elevator at 122nd St. The ship, owned by Shenango Furnace Co., is 710 feet long, exceeding the previous port record by 104 feet



Two Chicago firms, Harza Engineering Co. and Soil-test, Inc., a subsidiary of Cenco Instruments Corp., played a leading part in the construction of the first stage of this irrigation canal, part of the huge East Ghor Valley project in Jordan. The first stage of the \$16 million project enabled Jordan to reclaim 4,000 acres of farm land





Dr. Glenn T. Seaborg, Atomic Energy Commission, answers questions of one of 300 teenagers who attended National Youth Conference on the Atom in Chicago. Conference, giving youngsters a first-hand glimpse of peaceful uses of the atom, was sponsored by 58 investor-owned electric utilities. Milton L. Kapp (standing) President, Interstate Power Co., Dubuque, Ia.; presided at the conference. The youngsters also visited Dresden Nuclear Power Station and Argonne National Laboratory and had group discussions with scientists

Nearing completion is the ultra-modern new Northbrook Nursing Home and Rehabilitation Center at 270 Skokie Valley Rd., Northbrook. The 33,000-square-foot building is designed to accommodate 149 residents. Contractor — Korff, Evanger, Rosenfeld, Inc.



Construction view of the new \$4.5 million Flying Carpet Motor Inn opposite Chicago's O'Hare International Airport shows building technique utilizing 96 per cent glass. Located at 3131 Mannheim Rd., the 225-room inn will open in February, 1962, complete with restaurant and cocktail lounge, par 3 golf course, indoor and outdoor swimming pools, ice skating rink, licensed helicopter service and banquet rooms



Scale model of Evergreen Plaza shopping center, now undergoing expansion program which will make it the world's largest retail development. Present center has 60 stores and 500,000 square feet of building space. Expansion will add one million square feet of terraced, double-deck shopping facilities, parking for 4,750 cars, and will include two office buildings, not shown in model. Developer—Arthur Rubloff & So.; Architect—Skidmore, Owings & Merrill





John K. Langum



Arnold C. Schumacher



Arthur Rosenbaum



John K. Diedrichs

The 1962 Business Outlook

Outlook For Retail Sales

By Arthur Rosenbaum

Director, Business Research,
Sears Roebuck and Company

A healthy gain seems assured for retailers in 1962. It is true that in the face of a continuing and substantial rise in income since February consumers have held back in their buying of automobiles, major appliances and other goods with high price tags, those items incidentally which usually involve debt commitments. But sluggishness in retail sales during recovery is not unusual. While it was more pronounced in 1961, international uncertainties created extra reason for consumers to be cautious.

In any case, consumers are now in a stronger financial position, with larger holdings of liquid assets, and a smaller burden of instalment debt relative to income, all of which is conducive to more generous spending in the future. A strong upward surge in sales of new automobiles starting in late October may be the herald of a similar loosening up in consumer attitudes towards spending for other durable goods. This was the sequence of events in the retail sales expansions of 1954-5 and 1958-9.

I am not however, predicating my estimate of retail sales in 1962 entirely, or even primarily, on a dramatic change in consumer psychology. The main determinant of retail sales is consumer income. Business forecasters are generally agreed that consumer income before

taxes, which already has risen from a \$403 billion annual rate in February 1961 to \$425 billion in October 1961, will continue to expand all through 1962. Not only can average incomes be expected to rise over this year's level because of the continuing climb in wage rates, but a significant increase in the working force will be needed to produce the additional amounts of goods and services which will be demanded next year by government, business and consumers.

The increases already scheduled in the Federal defense programs, the advance indications of plans for bigger expenditures by business for plant and equipment, the rising trend in State and local government expenditures, and the likelihood of at least a moderate increase in housing construction add up to a substantial force for expansion in 1962.

How much consumers will contribute to the rising tide of demand depends on the extent to which their buying attitudes change, particularly their attitudes towards assuming additional debt. Some improvement in consumer optimism and buying psychology is bound to be generated by the rise in employment, but international tensions and employment uncertainties may still induce some restraint in consumer spending; in other words, better business but not a boom.

I believe that I am being conservative in projecting a 9 per cent increase in consumer durable goods expenditures in 1962 versus 1961, after the considerable retrenchment during 1960-1. The auto industry is

rather confident that new car sales in 1962 will be second only to 1955. Extra demand for major appliances, furniture and floor coverings, over and above growing replacement needs, is being created by the rising volume of new home completions.

Nondurable goods buying which is more closely related to the needs of a growing population will advance by about 5 per cent in 1962.

Consumer service expenditures have been expanding more rapidly than expenditures for goods over the years, partly because of more rapidly advancing prices, partly because of increased preference for certain services among the steadily prospering population. I am looking for an increase of about 6½ per cent in service outlays next year. These spending estimates are consistent with an estimated gain of about 6 per cent in consumer income after taxes.

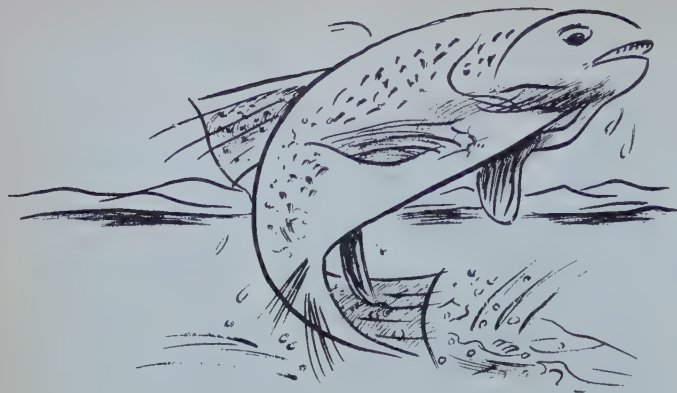
Outlook For Construction

By Arnold C. Schumacher

Economist, Chicago Title
and Trust Company

TOTAL construction outlays in 1961 will approximate \$57.0 billion, an increase of 3 per cent over the prior year. The largest increases have taken place in nonresidential building. Expenditures for office buildings and retail establishments are up as much as 13 per cent over 1960, and substantial gains have been

(Continued on page 43)



Florida's Fabulous Fishing

Art Mercier's Sportsman Corner

JUAN PONCE de LEON thought he had it made back in 1513 when he sighted the coast of Florida.

This, he was sure, was the fabled island of Bimini, site of the legendary Fountain of Youth. However, he was doomed to frustration, both in his efforts to find the magic waters which would make him a kid again, and in his inability to sail completely around the presumed island.

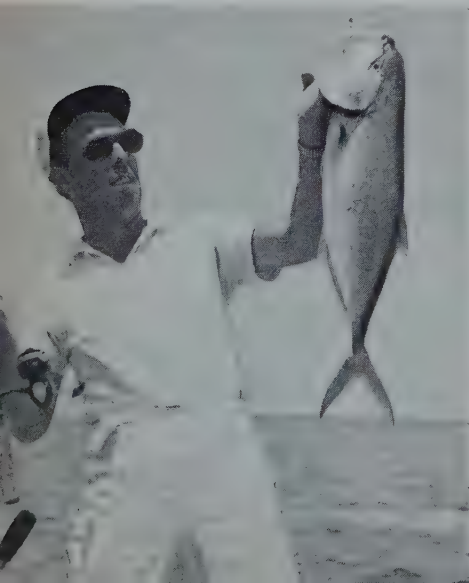
Twentieth Century Ponce de Leons are more fortunate. While a literal Fountain of Youth does not exist, those of us who enjoy boating, fishing, swimming, golfing, and just plain lazing around, find the weight of the years sloughing away under warm tropical breezes and bright sunshine in the nation's 450-mile-long peninsular playground. And, if we wish we can sail completely round Florida via the famed Intracoastal Waterway, lagoons, rivers and connecting channels.



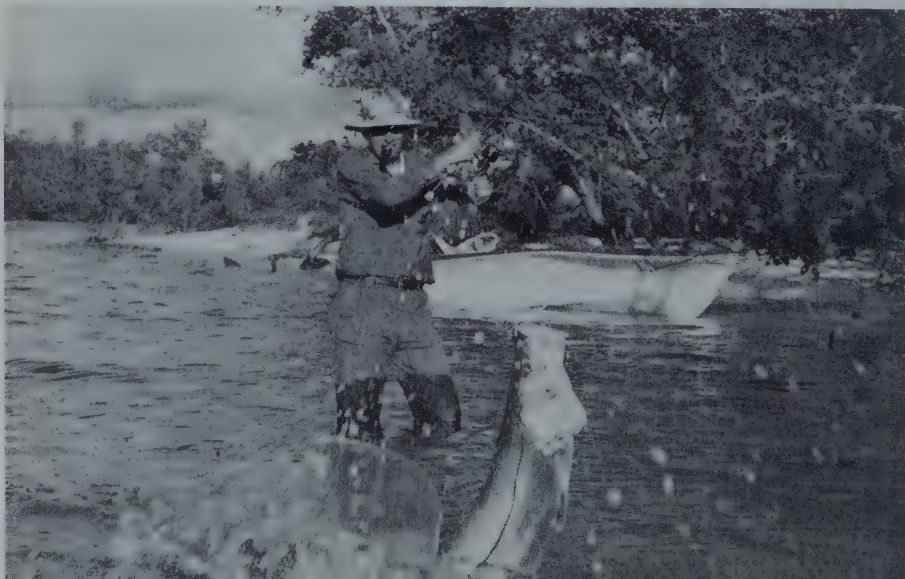
Fishing both fresh and salt water has been and always will be one of Florida's paramount tourist attractions. In the state's 30,000 named lakes and the coastal waters of the Atlantic and Gulf of Mexico, more than 600 species of game and edible fish abound

(All photos on these pages courtesy Florida State News Bureau)

A fine example of the battling barjack, caught off Marquesas Key on the southern tip of Florida

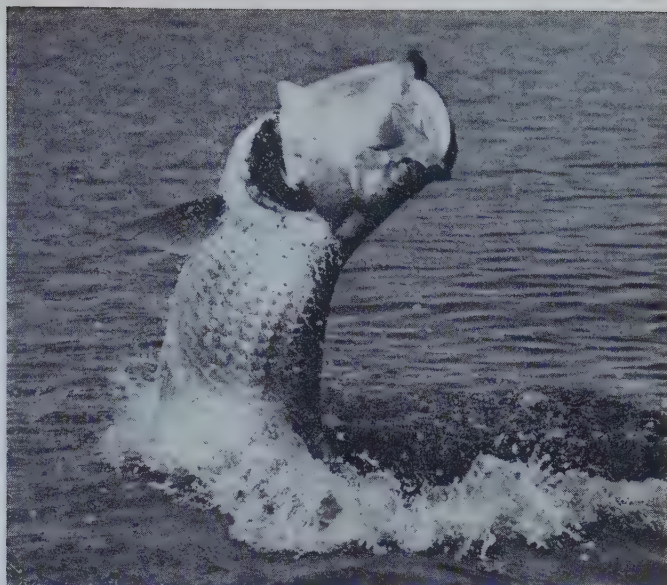


Fishing action like this is not unusual in Florida's Ten Thousand Islands and the enigmatic Everglades. Here fisherman Vic Dunaway has tangled with a 20 pound snook





Party boats and charter boats in large numbers await the vacationing fisherman in Florida. This is a Miami charter boat dock



Old silversides has had his fun with the fisherman — so he throws the bait disdainfully at the would-be king silver tarpon trophy seeker

One magnificent boating trip is the "Great Circle" of the southern region, traveling via the east coast's Intracoastal Waterway to the St. Lucie River, to Lake Okeechobee (the largest fresh water lake completely within the boundaries of one state), down the Caloosahatchee River to Fort Meyers, around the southern rim of the state to Jewfish Creek and back to the Waterway. Many outboarders make it. Larger boats need be choosy about channels only when circling the lower part of the course.

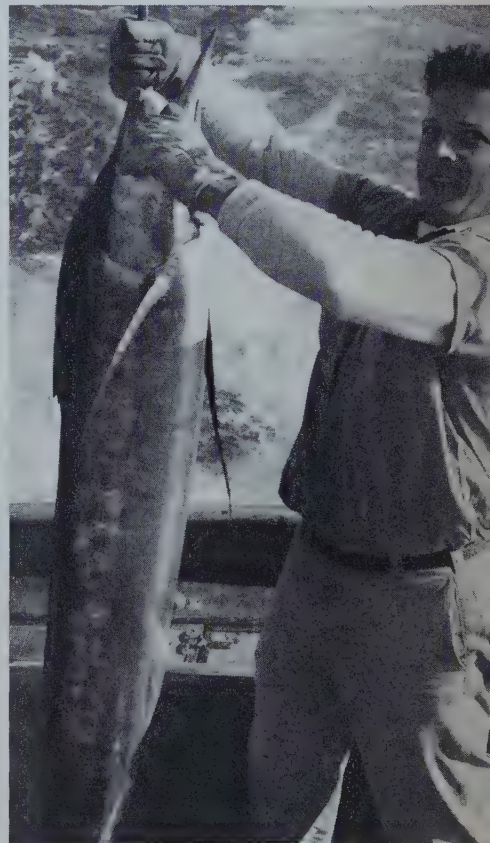
The Ten Thousand Islands of the lower west coast is as much a wilderness as it was in Juan's day. There are only five settlements along that more than 100-mile stretch of wild country. However, the modern ex-

plorer of Florida need not fear that his quest will end with an arrow in the back, as Juan's did in 1521. (It seems the natives were more than somewhat picqued by the Spaniard's efforts to lay out the first Florida real estate development.)

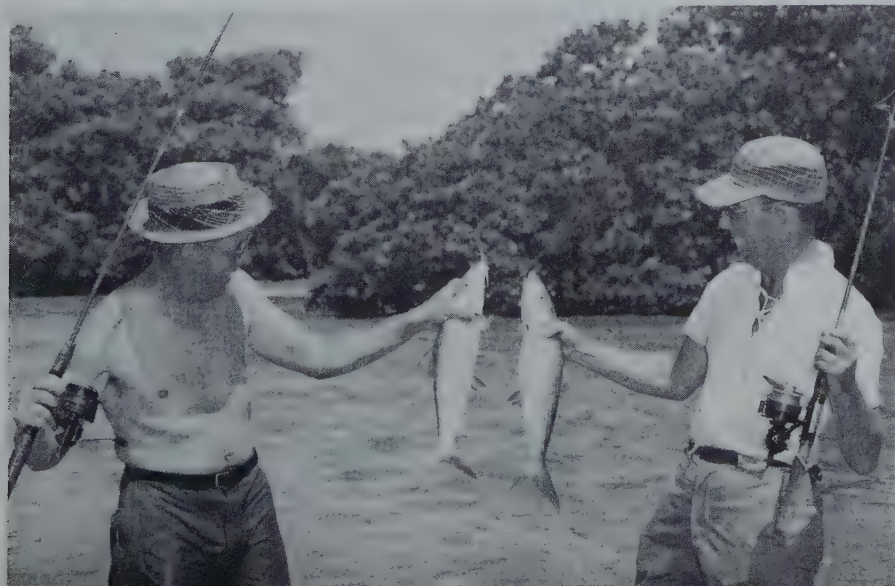
It is possible to cruise all day long in some areas and see no more than two or three other craft. Yachtsman or outboarder, each finds room to cruise — and plenty to spare. Florida's coast line is longer than that of any state except Alaska. In the 58 mile stretch between Palm Beach and Miami, there are 7,000 berths for yachts.

Three marinas in Fort Lauderdale alone can accommodate more than 1,200 boats. One is the famed,

(Continued on page 26)



The breathtaking twisting, leaping fight of the sailfish will long be remembered by the fisherman who caught this prize off Fort Pierce



Comparing notes on that streak of lightning affectionately known as "old bonehead," bonefishermen Phil Francis (r) and Morrie Upperman are agreed that the fishing has never been better than it is this year in the Florida Keys



By

JACK R. CLEMENS

Project Manager,
T A B Engineers, Inc.

Mr. Jack R. Clemens has conducted engineering studies in more than 200 plants since joining T A B, Chicago automation engineering firm, in 1950. A graduate of Chicago's Morgan Park high school, he holds a mechanical engineering degree from Purdue University, is a registered professional engineer, and is a member of the American Society of Mechanical Engineers. During World War II, he was a tool, layout, and machinery designer for several defense and aviation projects

Engineering Shortage

(fact or myth)

HOW real is the engineering manpower shortage? Industry, the government, and the universities would have us believe we are facing an engineering crisis. They point to these facts:

1. According to the Department of Commerce, there are 615,400 persons now engaged in engineering, an increase of 15 per cent over 1955.
2. Industry needs another 50,000 engineers today. Each year, engineering manpower requirements are expected to grow 5 per cent, while our normal business growth increases by only 3.2 per cent.
3. The Soviet Union is reportedly graduating 90,000 engineers a year while the U. S. turns out only 30,000.

If the situation is examined closely, however, it will be seen that the shortage is not genuine at all. And if it is called a shortage in any sense, it's something that our industries have made for themselves and something that can be remedied. This country has all the engineering talent needed — only management

doesn't recognize it. Here's where the needed talent is hiding:

1. Roughly 20 per cent of new engineering graduates are going into non-engineering jobs. They're working as purchasing agents, shop foremen, salesmen, and expeditors. Some are in advertising and sales promotion work.

Why? Because corporations are hedging against the presumed need for more engineers in the future. They're grabbing engineers as soon as they graduate, whether the companies need them or not. Finding no immediate engineering work for these young men to do, the companies put them in other jobs.

This practice of hiring engineers whether you need them or not — hoarding is what it amounts to — keeps engineers from going to other companies which really can use them. But more serious, the young engineer's inventiveness and initiative are apt to be stifled and his engineering knowledge forgotten after

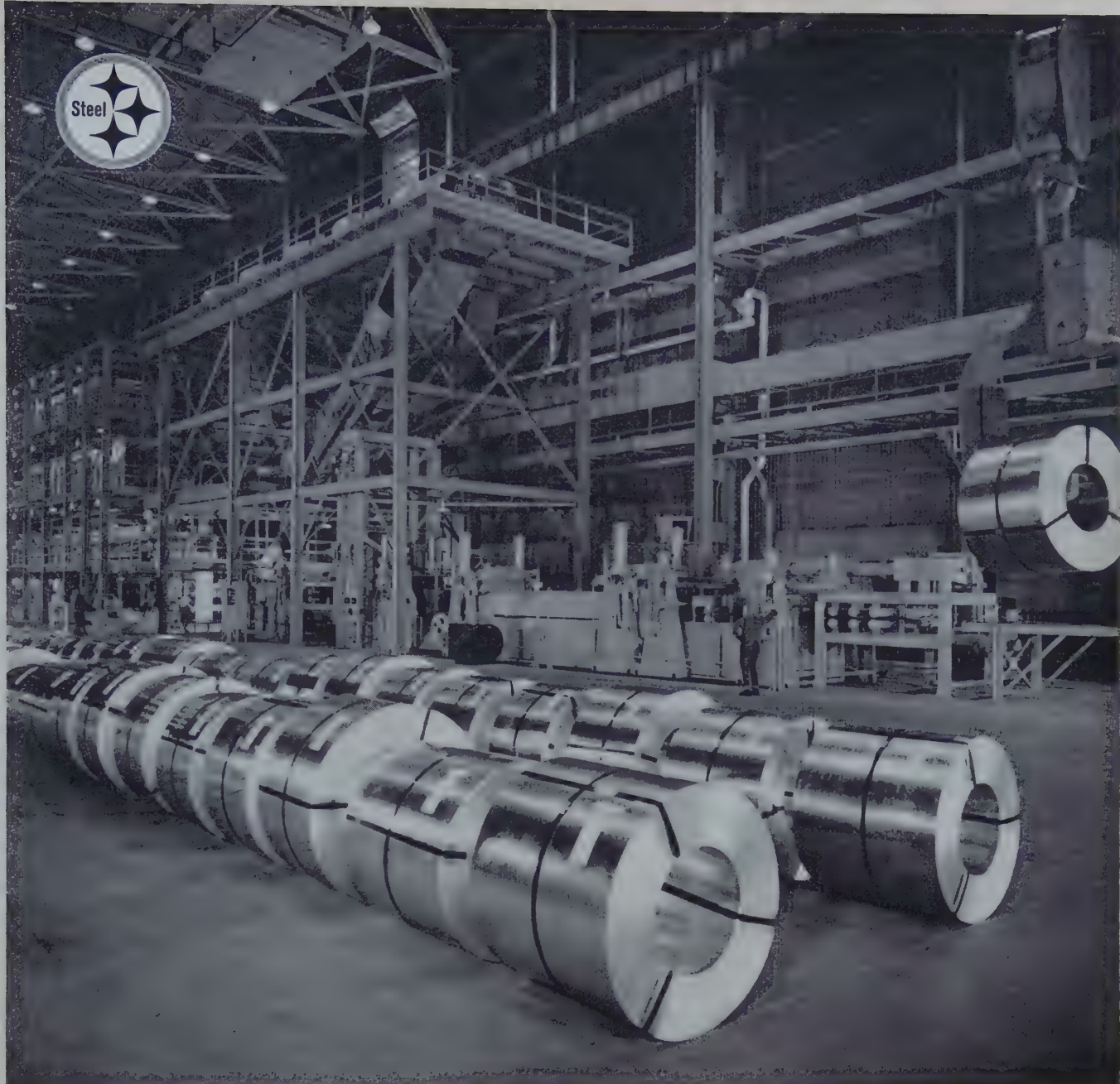
a few years in a non-engineering job.

2. Companies are not seeking out "amateur inventors" — people on the payroll who have hidden engineering aptitudes but not formal engineering degrees. Kettering of General Motors, Thomas Edison, the Wright Brothers — these were all natural engineers. How many similar geniuses are forced to hide their creative talents behind occupational titles running the gamut from inventory clerk to shop foreman? And by the same token, how many companies refuse to hire people who show engineering proficiency but don't have a college degree?

3. Management may type or categorize engineers by specialty designations and thereby keep them from a number of diverse assignments which they are well equipped to handle.

For example, an aircraft manufacturer will frequently label his engineers as landing gear designers,

(Continued on page 41)



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You're watching a coil of Weirkote® galvanized steel come off Midwest Steel's new continuous line. Not many months ago this 750-acre tract in Portage was barren. Now it's sprung to life as home of Midwest Steel, new division of National Steel Corporation—and new source of fine, home-grown steels for metalworking mid-America.

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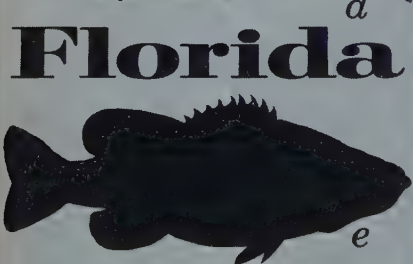
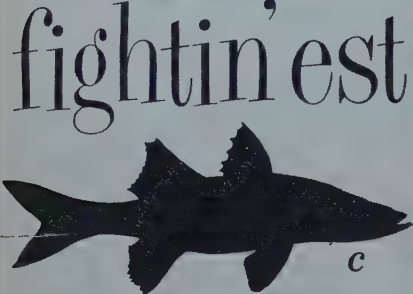
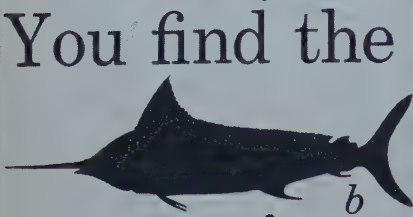


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e Largemouth Black Bass

Florida's Fabulous Fishing

(Continued from page 23)

municipally-owned Bahia Mar, covering 27 acres and berthing 450 craft. Miami, with 73 municipal and private marinas, can play host to 4,000 yachts. Ramps for the outboarder run into the thousands. Hotel and motel accommodations are limitless. The boatman with time and money could check into a different hotel every single night in Miami Beach, and wouldn't begin to repeat the list for more than a year.

There's water, water, everywhere in Florida—you name it, Florida has it—salt, brackish or fresh. And where there's water, usually there are fish. Florida has more than its share of gamesters, both salt and fresh water species. Smallmouth and largemouth abound in inland streams and lakes. Countless salt water varieties teem the seas on both east and west coasts and off the tip of Florida in the famed Florida Keys.

More and more fishermen are using fresh water tackle exclusively in Florida. One of the most coveted trophies is the silvery, high-jumping tarpon. Anyone with a serviceable rod and reel and only ordinary patience can get plenty of chances for tarpon from bridges and shores. It's a widespread misconception that the inexperienced angler can't hope to catch one without considerable expenditure for special equipment, boats and guides.

Willing Tarpon

Tarpon cavort around the bridges on the Overseas Highway almost every night of the year. While they aren't always active at the same time each night, nor always at the same bridge, somewhere within easy driving distance of any spot on the Keys, an angler usually can find a willing tarpon or two, and often great packs of hungry fish.

The Overseas Highway starts at the town of Islamorada, 43 miles south of the Florida mainland on U. S. # 1. Between Islamorada and Marathon, the best tarpon bridges are Indian Key, Channel 2, Channel 5, Long Key Viaduct and Tom's Harbor.

Between Marathon and Key West, top tarpon bridges include Seven

Mile, Spanish Harbor, North Pine Channel, South Pine Channel, Niles Channel, Boca Chica and many others. It's easy to make several of these spans in a single outing. If an angler can't hit tarpon on one of them, his rabbit's foot just isn't trying.

All bridges produce best when the tide is going out—flowing from the Gulf to the Atlantic side. Catwalks permit fishing safely away from highway traffic. Generally the catwalks are located on both sides of the bridge and at both ends.

The fisherman walks along the catwalk and listens for the sound of feeding tarpon. Their thrashing surface activity is loud and unmistakable. If he doesn't hear them within 15 minutes, he goes on to the next catwalk or to the next bridge.

Suitable Tackle

Any tackle that will cast a plug is suitable, be it spinning, bait casting or surf tackle. Most tarpon average from 10 to 30 pounds in weight. If he's lucky, an angler can handle a tarpon on the lightest gear. If he's unlucky, he won't do much, even with a heavy rig.

Noisy surface plugs are best. These are cast upcurrent and are allowed to sweep back toward the bridge as the angler works them hard and fast. Incidentally, leaders of wire or heavy monofilament are necessary. Most tarpon will jump a few times and throw the plug. Those which lose the fight can be led gently to the sloping wing-wall at the end of the bridge and there they may be lifted with an ordinary long-handled gaff.

Barracuda is a name that strikes needless fear into many hearts. Barracudas are given a lot of blame for meanness which should be given to sharks. A 'cuda attacks only for food, and he won't hit anything larger than he is. Because of his quick-striking attributes, he's a natural for a good fight. Many expert anglers (those who are, those who think they are, and those who would like to be) are having a real ball these days going after barracuda with spinning gear. The torpedo-shaped 'cuda grabs the lure with

authority and then goes into aerial antics as mean as the look on his ugly face.

Many guides say that it's a shame that some people fish for 'cudas just to get rid of them. Barracudas do their part in keeping down what otherwise could turn into a fantastically heavy fish population. But definitely, they won't turn on a man, unless the man is in the water and picking on them. That comes under the heading of asking for it. Don't believe all those things you read about the 'cudas.

If you want to learn about bone-fishing, I suggest you go fishing with one of Florida's top bonefish guides. Among the many are Cecil Green of Islamorada, Johnny Bratner of Marathon, Stu Apte of Little Torch Key and Tommy Williams of Flamingo. The bonefish is one of the most sought-after species that ever wiggled a dorsal fin in the crystal clear waters of the lower Florida peninsula and the Keys. The guides know his habits and love him for what he is—a rough fast fighter. The silver-sided unguided missiles are good for nothing but the sport of catching them. Anyone trying to eat them is either an exacting connoisseur of fish—or just plain hungry.

The fish usually are released after they've been caught. Because bonehead is continually getting caught and then released, only to be caught again, his piscatorial I. Q. must be on the low side. But he more than makes up for it when he takes off on a long run on light tackle with all the speed and power of a Cape Canaveral rocket. There is no better angling sport anywhere in the world than bonefishing in the Florida Keys.

I can't begin to do more than hit the highlights of Florida fishing. It would take a book to describe all the specie and locate all the best spots. But let me tell you about a favorite spot of mine.

It's a lonely road, branching off the famous highway over the Florida Keys, going nowhere but to a burned-out bridge and a dead end. However, it's the gateway to a fishing territory offering a delightfully varied menu, a wide variety of fishing grounds and ample facilities. It's within 50 miles of the Florida Gold Coast.

It's officially known at the Old Card Sound Road, once a vital link in U. S. Highway # 1 which extends

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from Maine to Key West. The road is 11 miles long, running from just south of Florida City and Homestead (30 miles from Miami) to the channel between Card and Barnes sounds, where once a wooden bridge leap-frogged the highway to North Key Largo. There are only 50 residents along the old, narrow highway. The great fishing they can show the visitor is largely unknown because of the lack of publicity.

Some 50 species are caught, ranging from trout and mangrove snapper to such unusual fish as flounder. It's also a famous crabbing area. Most abundant are sea trout (best from October through the cooler months, but present all year round); mangrove snapper, bonefish (a top prize particularly during cool weather); grouper (which hit well on trolled lures during the winter months, but like deep, cool holes in summer); small tarpon (in the shallow bays from October through April); and barracuda. You can add to this list, jewfish, jack crevalle, sand perch, grunts, blue fish, mackerel and snook.

Many an avid seatrout angler heads down the Card Sound Road when the grapevine reports that the speckled ones are on the flats, knowing that big catches can be made quickly. One party of two boated 40 trout in 54 minutes. This allows very little time for cold beers. Trout range up to five pounds, with the majority in the one to three-pound range.

Line Bait

They'll hit anything. Live shrimp and popping corks are the most popular, but the trout aren't choosy. They'll clobber noisy surface plugs, bucktails and flies. But don't expect to catch only trout on the flats. You may hook anything, particularly if you're using live bait.

If you don't want to fish the flats, which are only five minutes from dockside along the Inland Waterway, you can seek mangrove snappers. These range up to four pounds in weight, and they're always eager to oblige, if you use shrimp. From a snapper hole, you may haul out five or six different species.

The area is tailored to both little and big boat fishing. There is an abundance of protected waters—old canals on Key Largo, numerous short mangrove creeks, and protect-

ed bays. It is also the gateway to ocean fishing. It's no problem to reach the ocean by following the Inland Waterway north across Card Sound to the Angelfish Creek marker, then east into the open sea. You also can cut through via Little Angelfish or Pumpkin Creeks. Famous Jewfish Creek is just six miles south across Barnes Sound, but you'll probably be catching fish long before you cruise that far. Another fishing hot spot is Steamboat Creek which meanders across the Key Largo western peninsula, linking Barnes and Card Sounds.

The Old Card Sound Road may go nowhere, but it's certainly not a dead end for fishing. I'll have more to say about Florida next month. Until then, Good Hunting and Fishing.

Yankee Don't Go Home

(Continued from page 15)

ers. Within hours after the June 20 announcement the Canadian dollar dropped from \$1.03 to 96 cents U.S., approximately its current level. Immediately the competitive position of the Canadian exporter improved and imports faced stiffer competition from Canadian products.

During the summer and early fall it appeared the government had achieved its desired level of discount as a result of the "psychological reaction" (according to one government economist) to the Fleming announcement for no significant purchases of U.S. dollars were reported. In October, however, the government reported the purchase of \$187,000,000 U.S.

It is impossible to determine how much of Canada's current modest economic upswing can be attributed to the Fleming proposals and how much to seasonal and other factors. Regardless, Canada's progress since last winter has been encouraging.

In the second quarter its GNP rose 1.7 per cent (against a 2.1 per cent decline in the first quarter), corporation profits (before taxes and dividends to nonresidents) rose by 13 per cent (one of the biggest gains in recent years), the imbalance of international payments was running at approximately \$800 million a year (against a \$1.25 billion-a-year deficit in the first quarter) and unemployment in September totaled 4.7 per cent of the labor force, the



"More secondary industry needed"

Stan J. Randall
President, General Steel Wares Ltd.

lowest since October, 1959. (U.S. unemployment in September totaled 6.8 per cent.) Outlays for new plant and equipment and expenditures for new housing, two highly meaningful barometers, declined slightly.

Elsewhere the news was encouraging. There was increasing evidence the government was winning its fight to bring Canadian bond rates closer to those in the United States. In recent years Canadians with bonds to sell, particularly provinces and municipalities, had turned to U.S. markets, where interest was cheaper. According to one bond sales summary issued in mid-fall, however, Canadian sales in the United States totaled \$141,402,000 against \$238,169,000 in the like 1960 period and \$332,775,431 in the corresponding 1959 period.

This past summer and fall U.S. tourists visited Canada in record numbers. Francis H. Galipeau, manager, Canadian Government Travel Bureau in Chicago reported that inquiries to his office were up 25 per cent. In Ottawa, R. Douglas Palmer, head of the travel information services for the travel bureau, said total inquiries this year will exceed 800,000, a record. Both said the depreciation of the Canadian dollar had helped.

Marc Hardy, assistant director, Province of Quebec Tourist Bureau, took exception. Hardy did not think the discount was large enough to have "too much influence on tourism one way or the other . . . people aren't too fussy about two or three per cent." Regardless, Hardy reported tourism was up in Quebec.

For Canada, this was an encouraging trend. The government estimated that tourists last year spent \$420 mil-

lion in Canada, making tourism the second largest source of foreign income behind newsprint.

Despite these heartening signs, Canada's imbalance of international payments in 1961 again will approximate \$1 billion. A budget deficit of \$650,000,000 has been predicted (against a \$350 million deficit last year). There are idle machines and idle men. The nation's growth is sluggish. But there is little pessimism. Said Clare E. White, president, Ungava Iron Ores Co., Montreal: "There is concern but no panic."

Although labor chieftan Claude Jodoin, Canadian Labor Congress president, would prefer to see the Canadian dollar on a par with the U.S. dollar, Canadian businessmen generally seem pleased with the Fleming proposals. "In the business community there was quite a lot of pressure to get the dollar down," explained a government economist, adding, "but certainly there are those who do not think we are through the rapids."

To Canada's minister of trade and commerce, the solution was obvious: "As you and I well know," Hees recently told the Canadian Exporters' Assn., "Canada must export to survive."

To insure that Canada realizes the maximum of her export potential

sulted in the first comprehensive survey of export opportunities for every segment of the Canadian economy.

To show Canadian products to the world, Canada will participate in 51 trade fairs in the next 18 months



"Record number of tourist inquiries"
R. Douglas Palmer
Head of Travel Information Services

(against 25 in the past 12). To acquaint Canadian businessmen with potential world markets the government will sponsor 24 trade missions in the next year (a 400 per cent increase over previous missions). "It is your faces they (potential customers) want to see, not just your letterhead," Hees told businessmen.

Largely obscured by the massive exports of Canada's primary products has been Canada's development as an industrial nation. In manufacturing it ranks sixth in the world and industry now employs about one of four working Canadians, the same as the U.S. pattern.

There are those, including Stan J. Randall, president at Toronto's big, diversified General Steel Wares Ltd., who are convinced that Canada's problems will not be solved until there is more secondary industry. "Raw materials will not do this country much good unless we do something about fabrication," said Randall. "Canada sells raw materials abroad for pennies and buys the finished product for dollars. Why not make the finished product in Canada with Canadian workers utilizing Canadian raw materials?"

Canada's recent slow rate of growth is forcing Canadians to search for fresh ways to up productivity. E. P. Taylor, influential president of Argus Corp. Ltd., Toronto, has suggested the establishment of a



"Concern, but no panic about sluggish growth"
Clare E. White
President, Ungava Iron Ores Co.

Hees has moved rapidly in many directions. Last December, for example, he called Canada's first Export Trade Promotion Conference. It was attended by leading Canadian exporters and all Canadian trade commissioners stationed in the world's principle markets and re-



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new ministry "with its main responsibility the coordination of economic policies." Jodoin has called for a social-economic council to aid in solving long-range social and economic problems. Meanwhile, already at work is the new National Productivity Council, whose 25 members are appointed by the government to help plot improvement of employment, trade and living standards. Taylor and Jodoin are members.



Wants a social-economic council

Claude Jodoin
Canadian Labor Congress President

Despite any resentment which today may exist over U.S. capital in Canada, Canadians have a keen understanding of the contributions which this capital has made to their economic growth. They are quite aware that if their economy is to move forward—and they are quite determined that it will—they will need additional help from U.S. business.

Through men like H. J. Horne, consul and trade commissioner general, headquartered in Chicago, and Grant H. Clouse, Chicago-based representative of the Province of Ontario's Department of Commerce and Development, Canada continues to court U.S. interests. Clouse's primary mission is to help U.S. manufacturers secure manufacturing and licensing agreements in Ontario, an arrangement appealing to Canadians because it puts idle machinery and idle men to work immediately. While the government has moved to make it slightly less attractive for U.S. firms to establish subsidiaries in Canada, Horne and Clouse continue to press for these arrangements, particularly when the subsidiary will strengthen Canada's secondary industry.

In the arena of international trade

Canada is moving with vigor and realism. Little resentment is heard over Britain's proposed entry into the European Common Market. Randall reported that at a meeting of 30 leading Canadian businessmen "there was no one who objected." Asked engineer White: "If you had to sell to someone, wouldn't you rather sell to a prosperous man rather than someone who is sick and broke?" As for tariffs which Canada ultimately may face in the Common Market, Randall said, "those that I have heard about are not as high as comparable U.S. tariffs."

Realistic Canadians understand that if Canada is to make spectacular progress in world trade the biggest gains can be made with the United States, Canada's best customer. Last year Canada bought \$660,000,000 more from the United States than it sold. Put another way, every Canadian last year bought \$205 worth of U.S. produce while each American purchased \$17 worth of Canadian-made products.

The devaluation of the Canadian dollar has given the Canadian manufacturer a sharper competitive edge in world markets. Conversely, it has made it more difficult for U.S.-based manufacturers to compete in Canada. If the trade imbalance be-



He courts U. S. interest

Grant H. Clouse
Ontario's Department of Commerce and
Development, Chicago office

tween the United States and Canada is to be equalized rapidly, more imaginative steps will be required. There are those Canadians who believe that if Canada's economy demands it these steps will be taken by mutual agreement of both governments.

Canadians feel there is little anti-

Flood Control for Metropolitan Chicago

(Continued from page 17)

U.S. sentiment in Canada and that which does exist has been greatly overemphasized. There is some resentment because too many U.S. firms look on their Canadian operations as merely extensions of the domestic market. Canadians resent money made in Canada being taken out of the economy, substantial sums to be used for development purposes in other parts of the world. They want Canadian subsidiaries to be able to compete in foreign markets. They want more research done in Canada by Canadians. They are angry when purchases are controlled by the U.S. headquarters at the expense of the Canadian market. They want an opportunity for greater participation in the equity — and management — of the subsidiary.

In short, Canadians want American companies to behave in Canada as they do at home.

Despite the frustration and disappointments of the hour, there is much optimism in Canada. A great deal evolves from the attitude that by the mid-Sixties both the United States and the Common Market will be experiencing booms of remarkable proportions.

"We shall just sit and wait," said John E. Toten, economic adviser, Bank of Montreal. "We are not starving and sooner or later the world will experience another economic explosion and will turn again suddenly to Canada. And thank God we do sell to all the world and not just to the United States."

If these booms do occur they will be of long range value to Canada only if during this new period of expansion Canada develops substantial secondary industry, said the Canadian Imperial Bank of Commerce's Crowe.

A boom in the primary or extractive industries will be fine for these industries, explained Crowe, but if this is not accompanied by an expansion of secondary industry "in the end you (the Canadian economy) are right back where you started."

Thus in the 1960s, it is the area of secondary industry which perhaps will offer U.S. investors their most exciting and profitable opportunities north of the border. Canada has no intention of creating conditions which will make its economic climate unpalatable for U.S. business. With some minor misgivings they like their Yankees and want more.

an aftermath of discontent among home owners because of flooded basements.

The "flood plain" maps also should find extensive use among business and industry—especially by those companies searching for new plant sites in the continuing industrial expansion in the Chicago area. If an industry decides to build in or near a "flood plain," the maps can serve as yardsticks as to what type of plant can be built without running a risk of flood damage. The map, for instance, might indicate that certain flood proofing should be incorporated in the original construction to prevent future losses.

Significant as this new "flood plain" mapping program may be itself, more significance perhaps lies in the fact that this project stands as the first substantial evidence that flood conscious governments in this area finally have decided to stop going their separate ways.

Instead, the governments now are joining forces to develop a comprehensive program of flood control and prevention for the entire metro-

politan area. The need for such a program is becoming increasingly apparent, as the transformation of farm land into new home and industrial sites continues to take place at the record high rate of 20 square miles a year. There still is the same amount of water, but the growing mass of roof tops, streets and parking lots is interfering more and more with the natural run-off. And sewers—despite how extensive they may be—never can make up fully for nature's way of dispersing water.

Heading up this new move toward a comprehensive attack on the flood control problem is the Northeastern Illinois Metropolitan Area Planning Commission, created in 1957 by the state legislature.

"The state, the counties, the municipalities and the other local governments have the power and the sources of money for producing effective measures for flood control and prevention," explains Paul Oppermann, executive director of the planning commission.

"Our commission was created by

(Continued on page 39)

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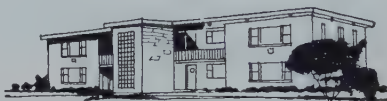
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FORTY-THREE projects in Metropolitan Chicago recorded for November represent an investment of \$14,806,000 compared with 29 projects and an investment of \$12,093,000 for November, 1960. To date this year, there have been 385 projects and an investment of \$225,417,000 compared with 347 projects and \$217,219,000 for the first eleven months of 1960.

Projects covered in this report include construction of new plants and industrial warehouses, expansions of existing plants and warehouses, and acquisitions of land or buildings for industrial purposes.

- **E. J. Brach and Sons**, manufacturer of confectionery at 4656 Kinzie street, recently announced plans for the early construction of an 11 story manufacturing and warehousing building on the company property south of Ferdinand Street and near the Belt Line tracks adjoining its main plant. The building will contain approximately 250,000 square feet of floor space and is scheduled for completion late in 1962.

- **Sherwin-Williams Company**, manufacturer of paints and chemicals, plans immediate construction of a new phthalic anhydride production facility at its Kensington Works at 115th street and Cottage Grove avenue. The new unit will have a production capacity of 20 million pounds annually, and will be constructed by the Badger Manufacturing Company. Also included in the project will be a 4,000 square foot warehouse for storage of the product. Completion is scheduled for the summer of 1962.

- **Jel Sert Company**, 6601 S. Sayre avenue, has construction underway for a 65,000 square foot plant at the corner of Madison street and 25th avenue in Bellwood. Construction is

scheduled for completion next summer at which time the company will relocate. The company manufactures food products, including gelatin desserts, puddings, soft drink powders etc. Architect, Edward Dart.

- **Williamson-Dickie Manufacturing Company**, 1949 W. Hastings street, recently relocated in a new office and warehouse building containing 30,000 square feet at 515 Jarvis road, Des Plaines. The company is a Fort Worth, Texas, manufacturer of work clothes. Architect, A. M. Heda; general contractor, J. Emil Anderson and Son.

- **Holt, Rinehart and Winston, Inc.**, a book and magazine publisher located in Delaware, will establish midwest distribution operations in a 95,000 square foot building under construction at 2121 Touhy avenue in Centex Industrial Park, Elk Grove. Construction is scheduled for completion in 1962. Architect, Busche and Markson; general contractor, D. J. Velo and Company.

- **Solar Light Manufacturing Company**, 400 N. Ashland avenue, recently acquired a 56,000 square foot office and warehouse building and four acres of land at 1990 N. Mannheim road in Northlake. The company plans to relocate all facilities now on Ashland avenue and at 1357 S. Jefferson street in the new quarters.

- **Conolite, Inc.**, a newly formed company, has a 40,000 square foot plant under construction on a six-acre site recently acquired at 4300 N. Port Washington road, Carpentersville. The company will manufacture laminated plastic products and expects to begin operation by May 1, 1962.

- **National Biscuit Company** is erecting two separate but adjoining

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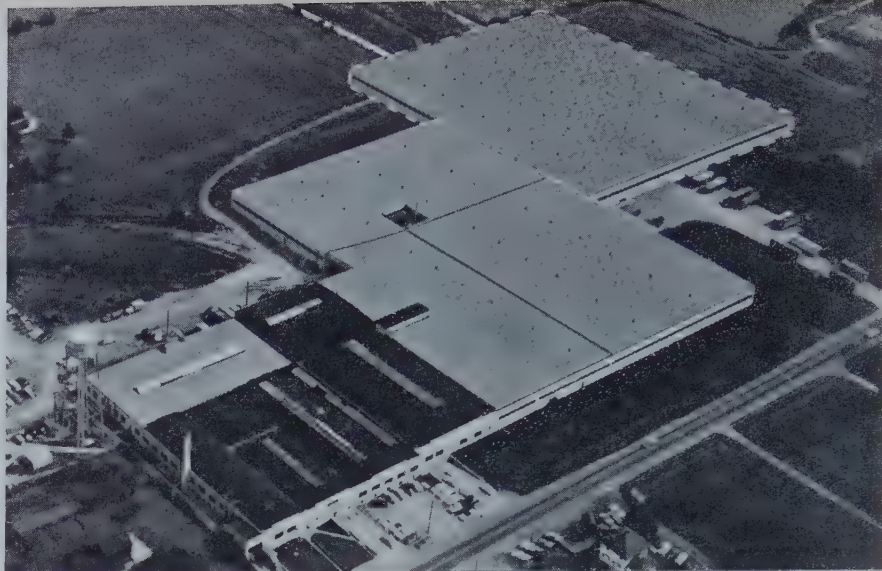
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Broken line indicates a new 112,000 square foot brick addition to the Admiral Corporation electronics facility at Harvard, Ill. Upon completion next spring the big plant will contain 612,000 square feet and will have a monthly production capacity of 85,000 television receivers and more than 100,000 radios and stereophonic phonographs

buildings at 255 E. 167th street in Harvey for office and warehouse use. Together the two structures will total approximately 46,000 square feet of floor space and are scheduled for completion in April 1962. Architect, Ralph Stoetzel; general contractor, W. M. Corporation, Harvey.

• **Charles Lavin and Company**, manufacturer of small electrical appliances at 6666 Lincoln avenue, has under construction a 36,000 square foot plant at 2215 Estes avenue in the Centex Industrial Park, Elk Grove. This will be a branch plant operating under the firm's other name, Charlescraft Products. Construction is scheduled for completion in April or May, 1962. Architect, Frank S. Musser; general contractor, Northern Builders, Inc.

• **Sloan Valve Company**, manufacturer of plumbing supplies, at 4300 W. Lake street, will begin construction soon of a 52,000 square foot plant between 8800 and 8900 on North Avenue in Melrose Park. The company will relocate its operations when the building is completed in 1962. Architect, Naess and Murphy; general contractor, Dahl-Stedman Company.

• **C. A. Dahlin Company**, producer of spun and stamped metal products at 2727 N. Clybourn avenue, has under construction a 35,000 square foot plant at 2431 Estes avenue in the Centex Industrial Park, Elk Grove. Construction is scheduled

for completion in April, 1962, at which time the firm will relocate its operations. Architect, Busche and Markson; general contractor, D. J. Velo and Company.

• **United States Steel Corporation** is erecting a steel warehouse designed for the storage of electric weld tubing in the northeast corner of the present National Tube Division plant area in Gary. The warehouse will contain 36,000 square feet of floor space and is scheduled for completion in April, 1962.

• **Cummins-Illinois Engine Sales Corporation**, 1700 S. Indiana avenue, has a new plant under construction for the relocation of its operations at 5555 S. Kilpatrick avenue. The structure will contain 33,000 square feet of floor space and is scheduled for completion in May, 1962. The firm specializes in the rebuilding of diesel engines and sub-assemblies, major truck overhauling, and is the Chicago distributor of new Cummins diesel equipment. Architect, C. W. Marshall; general contractor, Fred Berglund and Son, Inc.

• **Chicago Eastern Corporation**, a newly formed company, recently acquired 12 acres of land at 320 N. Prospect street in Marengo (McHenry County) where it has a 28,000 square foot plant now under construction. The plant is scheduled for completion late next spring and will produce crop drying machinery for the agricultural market. The com-

pany is an affiliate of the Chicago Blower Corporation located at 9867 Pacific avenue, Franklin Park. Architect, Emil L. Larsen; general contractor, Nels Wagsted Company, Inc.

- **Nutri-Bio Corporation**, Beverly Hills, Calif., recently acquired a new 20,000 square foot building with 80,000 square feet of additional land at 80 Bond street in the Higgins Road Development of Centex Industrial District, Elk Grove. The building will house the office and warehouse operations of the food supplement distributor. Brokers, Bennett and Kahnweiler, and Draper and Kramer, Inc.

- **Abbott Laboratories** recently announced plans for a 14,000 square foot addition to facilities at 14th street and Sheridan road in North Chicago to accommodate international operations of the firm now quartered in the Merchandise Mart. This will allow the firm to integrate its international operations with domestic operations at the plant headquarters and thus improve its marketing position, both in this country and abroad. The addition is scheduled for completion early in 1962.

- **Televiso Corporation**, manufacturer of electronic instruments at Wheeling road and Exchange court, Wheeling, is nearing completion of a 21,000 square foot addition to its plant.

- **Malenco, Inc.** 2200 W. 138th street, Blue Island, will begin construction soon of a 20,000 square foot production addition to its plant which is scheduled for completion early in 1962. The firm manufactures cake pan liners, corrugated paper, box partitions and plastic trays used by the bakery and food industries. Architect, Jules Marling; general contractor, Oscar Anderson and Son.

- **Walter E. Selck and Company, Inc.** is nearing completion of a 14,000 square foot addition to its plant at 7125 Gunnison avenue, Harwood Heights. The company manufactures metal mouldings, sink frames, and floor covering tools and accessories. General contractor, Klefstad Engineering Company.

- **Owens-Illinois Glass Company, Kimble Glass Division**, has under construction a 13,000 square foot

warehouse addition to its plant at 12th and Arnold streets in Chicago Heights. Expansion of the glass container producing facility is scheduled for completion early in 1962. General contractor, Campbell-Lowrie-Lautermilch Corporation.

- **Processed Plastic Company**, manufacturer of plastic toys on Aucutt road, Montgomery, has under construction a 19,000 square foot addition to its plant which is scheduled for completion in late spring of 1962. Architect, Kleb-Gramley and Associates; general contractor, Coffey and Coffey Construction Company.

- **Cardox Division of Chemtron Corporation** will establish its mid-west regional office at a new 9,000 square foot office and warehouse building recently completed at 1111 W. 48th street. The general office of the division will remain at 840 N. Michigan avenue, and its plant will continue to operate at Monee, Illinois. The new building will also provide depot facilities for dry ice and liquid carbon dioxide sales and distribution. Architect, N. Ronneberg; general contractor, Louis Munao, Inc.

Here, There and Everywhere

(Continued from page 13)

tarian nursing home-medical center charging moderate rates. The Federal Housing Authority revealed its commitment to Dovenmuehle, Inc., Chicago mortgage banking firm, to insure \$2,031,300 in first mortgage financing for the Lake Vista nursing home complex. Involved are a 22-story building at 1440 S. Indiana and an adjoining power plant and service building. Sponsors also plan to rehabilitate a second building with cancer detection facilities, asthmatic clinic and a heart and lung station.

- **Research Now Big Business**—Research spending in the U. S. will amount to almost \$16 billion in 1962 predicts Batelle Institute economist George W. James. Leading the list is the government with \$10 billion, reflecting stepped-up space and defense programs; industry with \$5.5 billion, and universities and foundations with \$350 million. By comparison, research spending totaled \$14 billion in 1960 and only \$3 billion in 1950, James states.

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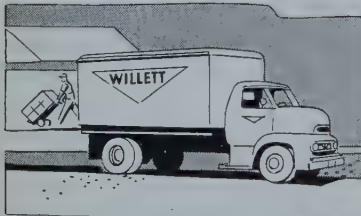
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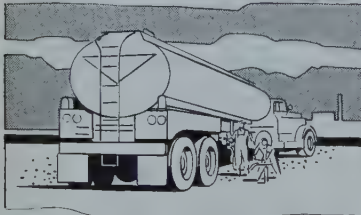


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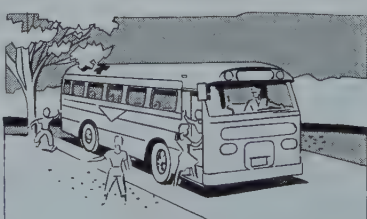
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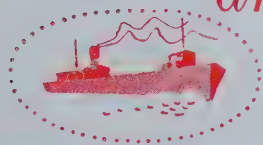
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Transportation and Traffic



THE United States District Court for the District of Connecticut has ruled that an Interstate Commerce Commission's decision fixing a railroad rate differential to protect water carriers violated the 1958 amendment to Section 15 (a) (3) (rate-making rule) of the Interstate Commerce Act. The court's decision followed review of the findings of the commission in I. & S. M-10415, *Commodities-Pan-Atlantic Steamship Corp.*; I. & S. 6834, *Piggyback Rates - Between East and Texas*, and related cases, in which the commission disapproved railroad trailer-on-flat-car rates without prejudice to the establishment of rates six per cent higher than the sea-land rates of Sea-Land Service, Inc. (formerly Pan-Atlantic Steamship Corp.) The proposed rail TOFC rates were on a level with those of Sea-Land. The 1958 amendment to Section 15 (a) (3) of the act states that rates of a carrier shall not be held up to a particular level to protect the traffic of any other mode of transportation, giving due consideration to the National Transportation Policy. Referring to the commission's ruling, the court said: "In disapproving the proposed schedule of the railroads the commission contrary to the specific prohibition of the 1958 amendment, is plainly holding up railroad rates 'to protect the traffic' of another mode. It argues, however, that the National Transportation Policy—, to which it is commanded to give 'due consideration' by the same provision, compels this result. The evidence and findings do not support this argument."

• **I.C.C. Denies Petition To Add Elk Grove to Chicago Commercial Zone:** The Interstate Commerce Commission, Division One, has denied a petition to enlarge the Chicago Commercial Zone to include the

Village of Elk Grove, Ill. The action reverses the recommendation of Examiner William E. Messer that the commission approve a redefinition of the limits of the Chicago Commercial Zone to include Elk Grove. The petition was filed by the village over two years ago and was supported by certain line-haul carriers and opposed by 37 primarily short-haul operators. The commission noted that Elk Grove was directly west of Chicago's O'Hare International Airport which had been made a part of Chicago by a so-called strip annexation of a narrow corridor of land, but said that the record did not support the allegations of petitioner that Elk Grove was contiguous to the airport and thus to Chicago. "The unquestioned residential and industrial development of Elk Grove, far from integrating it commercially with Chicago, has, in our opinion, firmly established it as an independent, self-reliant community, linked by expressways to numerous major shipping and receiving points of which Chicago is only one," the commission added. Bridgeview and Hickory Hills, Illinois, were added to the Chicago Commercial Zone in a report released by the commission in September.

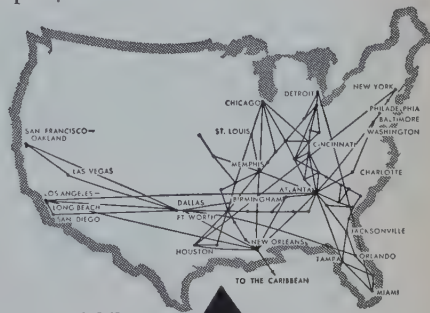
• **Illinois Shipper Group Attacks Proposed Cancellation of Motor Commodity Rates:** The Illinois Territory Industrial Traffic League has filed exceptions to the proposed order of an Illinois Commerce Commission examiner which recommended that all intrastate motor common carrier commodity rates on shipments under 5,000 pounds be cancelled. The league requested the commission to reject the report of the examiner and make the following findings:

"1. That the burden of proof is upon petitioner to establish the un-

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lawfulness of any rate which it seeks to have cancelled by involuntary action of the carrier maintaining that rate.

"2. That petitioner has failed to sustain the burden of proof and there is no sufficient evidence in this record to sustain an order requiring any carrier to cancel any of the rates under investigation.

"3. That the rates under investigation have not been shown to be unreasonable or otherwise unlawful."

The League's exceptions point out that conditions have changed in the five years since the Illinois Commerce Commission's original order of September 13, 1956 "and that order clearly accomplished its purpose of bringing order into a chaotic tariff situation. Existing commodity rates under 5,000 pounds are relatively few, and many of them are shown to be needed to move the particular traffic. It would be wholly unfair to require the cancellation of those rates over the objections of the interested shippers and carriers." Continuing, the league said: "Where certain carriers maintain commodity rates under 5,000 pounds which no one appeared to defend at the hearing, it may be appropriate to issue a further permissive order which would call for cancellation subject to an application for continuance along the lines of Finding No. 6 in the original order. . . . However, as to any rate which the interested carrier or shipper desires

to continue, there is no lawful basis for requiring cancellation until the rate has been shown to be unlawful. The order proposed by the examiner is unfair and arbitrary, it is without supporting evidence and is contrary to the evidence."

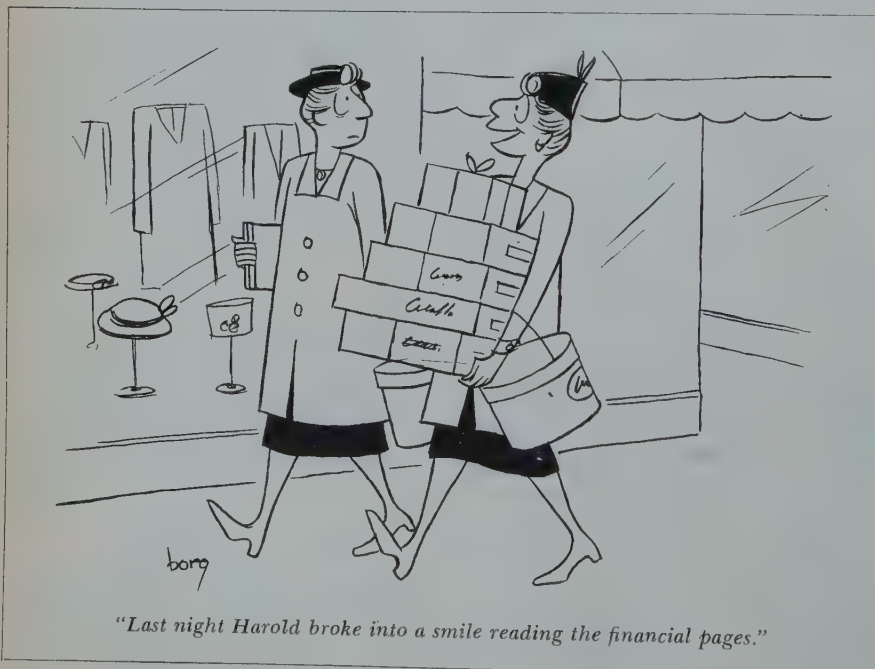
• **Steamship Conference Withdraws Proposed Surcharges at Great Lakes Ports:** The Japan-Atlantic and Gulf Freight Conference has withdrawn a proposal to impose surcharges on Great Lakes ports. An amendment to the conference's basic agreement would have extended its trading area to include Great Lakes and St. Lawrence River ports and would have imposed a 15 per cent surcharge on freight moving to Lake Ontario ports and a 25 percent surcharge on freight to all other Great Lakes ports, over the base port rates on the Atlantic and Gulf coasts. Among those protesting the surcharges were 12 U. S. Senators representing six states bordering the Great Lakes.

• **Chicago Helicopter Airways Authorized to End Mail Service to 21 Communities:** The Civil Aeronautics Board has authorized Chicago Helicopter Airways, Inc. to discontinue handling mail between Midway Airport and 21 Chicago area communities. The action will not affect the airline's passenger operations nor mail service between Midway and O'Hare airports and Chicago and nine suburban points.

• **I.C.C. Reopens Proceedings on Proposed Carrier Limitation of Liability Rules:** The Interstate Commerce Commission has reopened for reconsideration two proceedings wherein railroads and motor carriers propose to establish rules limiting their liability on shipments. The proceedings are Ex Parte MC-49, Released Rate Rules-National Motor Freight Classification, and Ex Parte No. 197, Consolidated Freight Classification and Uniform Freight Classification. The action was taken in view of a recent federal district court's ruling that the commission had authority to approve rules limiting the liability of carriers. The commission earlier said that it did not have authority that it did not have authority to approve the proposed rules which would restrict carrier's liability for loss or damage to \$3.00 per pound.

• **Examiner Finds Terminal Charge on Order Bills of Lading Unlawful:** Interstate Commerce Commission Examiner Rene Mittelbronn has found unlawful motor carrier proposals to establish a terminal charge of \$3.00 on shipments moving under order bills of lading. The recommended report was issued in No. 33518, Terminal Charge at Various Points on Order Bills of Lading Shipments, and related cases embracing provisions published in most of the major motor carrier bureau tariffs. "As shown by the record herein," the examiner said, "there are some physical and clerical services required in the handling of order shipments that are over and above those required on shipments moving under straight bills of lading; however it is neither practicable nor desirable to reflect these small, undeterminable or uncertain differences in the publication of additional special charges."

• **I.C.C. Vacates Order Prescribing Minimum Rates on Iron and Steel:** The Interstate Commerce Commission has vacated its order prescribing minimum motor carrier rates on iron and steel articles in Eastern Territory and discontinued the three general investigation proceedings. They are MC-C-1510, Iron and Steel Articles-Eastern Common Carriers; MC-C-1629, Iron and Steel Articles-Eastern Contract Carriers; and No. 31487, Iron and Steel Ar-



ticles, Eastern Territory. In its initial report and order in these proceedings, the commission ordered the motor carriers to establish on or before July 1, 1957, prescribed minimum rates on iron and steel articles. The order, however, was subject to several postponements and never did become effective.

• **Perrine Resigns From Illinois Commerce Commission:** George R. Perrine has resigned as a member of the Illinois Commerce Commission to return to the practice of law. Mr. Perrine was chairman of the commission from 1953 until last June when Governor Kerner appointed James W. Karber to head the state's regulatory agency. Since then Mr. Perrine, whose term does not expire until 1963, continued to serve as a member of the commission.

• **Senators Ask Defense Department To Boost Traffic Through Lake Ports:** In a letter to Secretary of Defense McNamara, twelve senators, including Senators Dirksen and Douglas of Illinois, asked that the Department of Defense route more cargo through Great Lakes ports. "The Great Lakes ports and the Seaway," the letter asserted, "have an almost unlimited potential in times of emergency, and their proper use is therefore vital to our national security." The senators urged the establishment of a Great Lakes Transport Command similar to the Atlantic Coast Command, Gulf Coast Transportation Command and the West Coast Transportation Command to "stimulate the development and assimilation of this artery of transportation into the defense structure." Continuing, the letter said that the Defense Department "should instruct the military services concerned that, during the balance of the 1961 season, they shall route a minimum of 200,000 tons through the Great Lakes ports and in 1962 they shall route a minimum of 500,000 tons during the Great Lakes shipping season through the Great Lakes ports."

• **I.C.C. Proposes Subsidies For Rail Passenger Service:** In a surprise move, the Interstate Commerce Commission has proposed Federal subsidies to help the railroads preserve essential passenger service. The Commission has previously opposed subsidies for any form of transportation.

The subsidy proposal was announced in the Commission's final report on its investigation into the financial plight of the New York, New Haven and Hartford Railroad. The agency estimated that if all the U. S. railroads operating passenger service applied for subsidies, the total cost would be about \$52 million annually.

Flood Control

(Continued from page 31)

the legislature to prepare and recommend to units of government within a six county area generalized comprehensive plans and policies which are metropolitan in character," adds Oppermann. "In flood control, our objective is to provide the overall planning framework."

In the last 10 years, numerous governments have become increasingly concerned about flood control. Among the more active in this field have been the metropolitan sanitary district of greater Chicago, the Cook county forest preserve district, the Illinois division of waterways, the United States army engineers, the Chicago public works department, and the county boards and highway departments in the Chicago area.

In addition of Cook county, the Northeastern Illinois Metropolitan Area Planning Commission also embraces the counties of DuPage, Lake, McHenry, Kane and Will. Also, across the state line in Lake and Porter counties in Indiana, a lake-front study commission and other groups have become alarmed about flood control, indicating a desire to cooperate with the Illinois governments.

Special Committee

Experts representing most of the major governments of the Illinois sector of the Chicago area now are active on a special planning commission committee headed by Dr. Gilbert White, a flood and water development expert at the University of Chicago, who also is chairman of a United Nations agency on river basin development.

This committee of the metropolitan planning commission recently established two important sub-committees, one charged with the job of coordinating the search for flood control information, and the other concerned with devising

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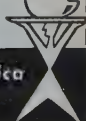
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scientific criteria and standards for developing sound flood control plans.

Previously, several of the major governments were unknowingly duplicating each other's work, often hiring outside experts at substantial costs and making conflicting plans on the same problem.

For one thing, some experts contend that a thorough and authentic flood damage survey first should be made of the metropolitan area before the drafting of any major program is attempted. They explain that a price tag must be placed on the problem as a gage for justifying public expenditures for flood control.

One survey made several years ago for the sanitary district placed the recorded flood damage in the Chicago area at upwards of 160 million dollars for a 25 year period. The survey also estimated additional unrecorded damages of \$200 million. It also was found that the average damage claim resulting from a single storm amounts to more than \$400 per home.

Other experts, however, took issue with the authenticity of these figures, claiming instead that floods in the Chicago area, for the most part, represent a general public nuisance rather than a problem of large monetary losses. Nevertheless, these dissenters agree that the public nuisance factor is pronounced enough to warrant a comprehensive attack on the flood control problem.

From the technical standpoint, governmental officials dealing with flood control have been at odds over two theories. An older theory calls for the deepening and widening of existing rivers and drainage channels to provide for a larger and

faster run-off of storm water. A newer theory provides for the impounding of surplus water near its source until it can be emptied into the drainage system without difficulty. This theory, for instance, calls for the building of dams and the creation of special flood plains to hold back excess water until the danger has passed.

Clash Over Theories

Recently, the Cook county forest preserve district and the Illinois division of waterways clashed over these theories in planning flood control improvements for Salt creek, a major tributary of the Des Plaines river.

With much of its holdings along the DesPlaines and other major waterways, the forest preserve district is ardently opposed to plans by the state waterways division to deepen and widen rivers and streams.

"It is a great loss to have to cut down trees that may be 300 years old just to widen a river," explains Charles G. Sauers, general superintendent of the forest preserve district. "In addition, the spoil banks from dredging also ruins the natural beauty of streams.

"We believe the impoundment method is the most desirable for several reasons. First, we believe that it can be carried out at less cost than by deepening and widening. And, secondly, the new flood plains provided for high water behind the dams can serve as additional forest preserves and areas of wild life and conservation."

In the case of Salt creek, the state division of waterways and the forest preserve district reached a

compromise providing for a combination of deepening and impoundment. The likelihood now is that a major flood control impoundment area will be created in Busse forest in the northern part of Cook county.

However, these two governments now appear to be headed toward major disputes over flood control plans for the DesPlaines river and the three forks in Lake and northern Cook county that form the north branch of the Chicago river. These clashes among the forest preserve district and the waterways division typify the problems that may well be ironed out in comprehensive flood control planning, with the new metropolitan planning commission serving as the coordinating agency.

Steps By Business

Meanwhile, as the governments are beginning to team up on the overall problem, many steps can be taken by business and industry to solve their own flood control problems, says John R. Sheaffer, staff hydrologist for the planning commission and technical secretary to Dr. White's committee.

Thus far, few companies have found it necessary to provide flood proofing construction for their plants in the Chicago area. A major exception has been the Chicago Union Station Company, which, with flood protection as its objective, reconstructed its river wall and basements after the Chicago river overflowed its banks downtown in October, 1954.

"Bigger and bigger sewers are not the answer, because there is no place downstream for the water at peak periods," explains Sheaffer. "Urban storage of water is the key to the problem.

"The closer to the source you store excess water the cheaper it is. It costs money to transport water—as, for example, the cost of building big sewers."

A prime example of how a rain water storage plan has paid big returns is the plant of the Flick-Reedy Corporation in Bensenville, DuPage county. Here, storm water which otherwise would add to the flood dangers of a nearby creek is trapped on the plant's five acres of



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The water at Flick-Reedy is channeled into a concrete pit, and then pumped into two landscaped storage lagoons, each with a capacity of 1,800,000 gallons. From the lagoons, the company draws its entire industrial water supply—at a rate of 65 gallons a minute for a 10 to 12 hour daily operation.

This unusual water supply system is an operation that combines flood control, beauty, utility and economy. The rain water costs the company three-fourths of a cent per 1,000 gallons, as compared with a rate of 75 cents it would have to pay from a nearby municipal water source.

In a section of Chicago's far south side where existing sewers are inadequate, the architects of a new high school building solved the problem by designing a roof that can hold back water to a depth of 6 inches for release when the runoff peak has passed. Similarly, a large shopping center on the southwest side has concave parking lots which are used to store the storm water until a plug is pulled after the danger of overloading the sewers is over.

"Floods are a natural phenomena," says Sheaffer, "but flood damages are man-made. They are the toll that nature demands from man for occupying flood plains.

"Through wise planning and engineering, the Chicago metropolitan area could have been developed without a flood problem. We now must correct the mistakes of the past, and take preventative measures for the future."

Engineering Shortage

(Continued from page 24)

fuselage engineers, component evaluators, or stress analysts. Hamstrung by restrictive specialization, the versatile engineer soon becomes bored by repetition, routine, and monotony. Not only does the company lose his broad talents, but he becomes indifferent toward his work and his performance deteriorates.

4. Perhaps as many as 150,000 qualified engineers have left engineering because of a better future at more pay elsewhere. While an engineer just out of school gets a comparatively high starting salary—somewhere between \$4,500 and \$5,-

000 a year—he quickly reaches a ceiling. The average engineer makes \$9,128 a year. Top engineering salaries seldom exceed \$12,000 or \$15,000.

Put another way, an electrical engineer with four years of college earns a top rate of between \$3.50 and \$4 an hour. A union electrician in the construction field with no degree or perhaps no college education makes \$4.50 an hour. Obviously, industry must alter its engineer salary structure if we are to attract engineers back into engineering.

5. More progress can be made in engineering methods so that more time is spent in creative work and less time in detail. Studies we have made show that an engineer is apt to spend as much as 75 per cent of his time doing detail work that a draftsman could do.

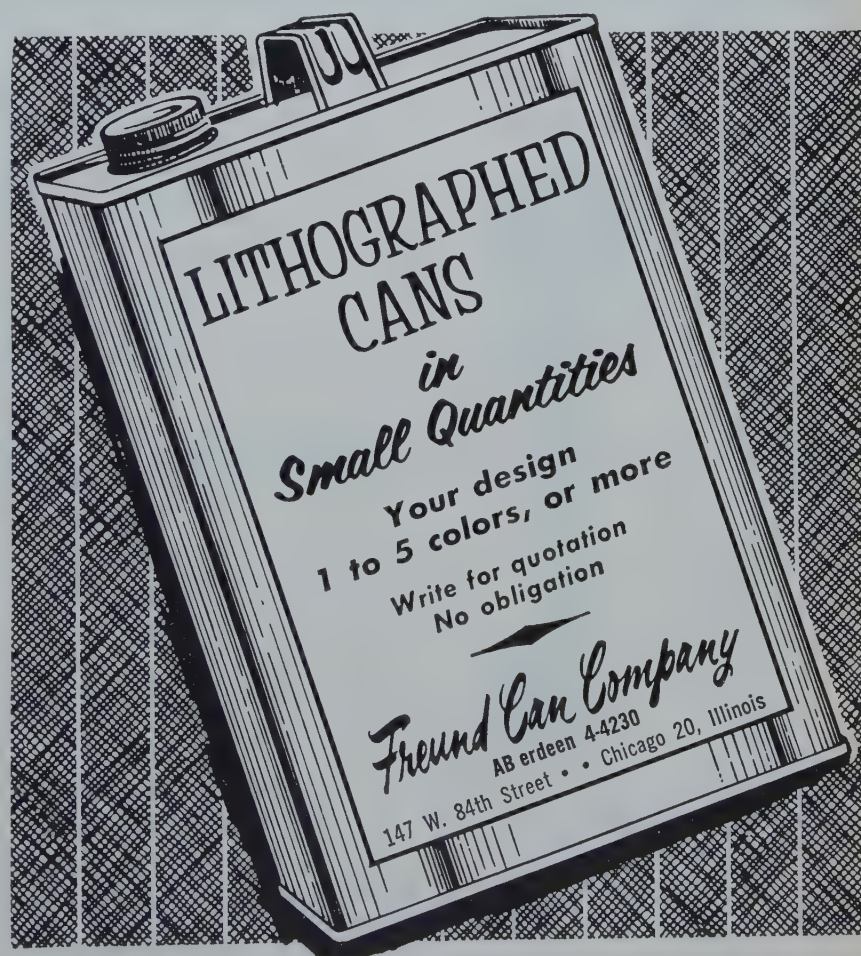
We have grown so accustomed to the idea of the engineer laboring over his drawing board with his T-square and triangles that to many of us, there is no other way to do engineering. But better methods do exist and can be utilized. For example, our own firm has developed what we call the Panoramic Design

Technique which cuts engineering, detailing, and drafting time by 33 to 50 per cent. The method puts engineers, designers, and draftsmen to work as a group at the blackboard instead of at drawing boards. You might call it "brainstorming at the blackboard."

While this technique does not represent the ultimate, it does show what can be done when we seek new ways to get ideas from the engineer's head converted to actual working models. By shortening the time required, we increase engineering productivity.

6. Finally, there are the millions of engineering man-hours lost because of conventional wasteful practices of competitive bidding. When a company or a government agency starts on an engineering project—it may range anywhere from a new can opener to a new dam—the usual practice is to call for competitive bids. Two, three, perhaps as many as five engineering firms may be called in to submit ideas, drawings, specifications, and estimates.

Only one engineering firm gets the job. In some cases, the company changes its mind and shelves the



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project. In the meantime, the hours spent by the losing firms have been withdrawn from general availability; they are hours lost and wasted.

While competitive bidding is in some cases a necessity to guarantee the best engineering at the lowest price, ways can be found to increase efficiency. The company can decide more definitely on the specifications and ideas before calling for bids, instead of asking for speculative work. And it can reduce the number of bids called for.

In other words, the engineers we need are right here. Industry and the government just aren't using them properly. If a company or agency believes it is suffering from an engineering shortage, then a close analysis of the situation should be made to uncover untapped sources of engineering services. In this analysis, a consulting engineering firm can often help reveal the blind spots. The procedure of analysis goes like this:

First, the company's payroll is inventoried to make sure each employee is doing the job for which he's best suited. Next, the personnel records are screened to find people with engineering aptitudes who are not working in engineering jobs. If aptitude records aren't available, then it may be a good idea to arrange tests and interviews to uncover the potential Edisons and Ketterings.

The next search is for engineers mired in non-creative engineering jobs, followed by giving these people the opportunity to lead a project or to tackle an engineering idea on their own. Engineering salaries are also reviewed to determine if the company is offering enough for the type of people it wants.

Finally, if a shortage still exists after all these things are done, it may be advisable for the company to turn over some of its engineering work to an outside firm. American industry has the engineering manpower to do the jobs that need doing now and in the future. It's mostly a matter of utilizing manpower as efficiently as industry utilizes materials.

Reader's Viewpoint

(Continued from page 3)

Chicago Plan for Separate Bids." Originally, this was simply a plan to correct certain abuses, at the local level, which have developed within

the industry. As matters turned out, however, we found that the problems we sought to solve are not local but universal and we also learned that we had created something of a sensation. From all over the United States, as well as from Canada, England, Australia, Puerto Rico, Denmark, Tel Aviv and Switzerland, we began to get letters by the dozens and by the hundreds, requesting copies of our "Chicago Plan" descriptive brochure.

All of this began a year ago, when we published the original brochure. We mailed over twenty-five hundred copies, on request, to other cities and countries. This year, we made some changes in the plan, and we issued a new brochure. We printed five thousand copies in early October. We mailed approximately two thousand to local architects, engineers and contractors. As of today we have left approximately four hundred copies. The balance went to other localities and still the mail continues.

Copies of the original and the new brochure are enclosed. When the "Chicago Plan" is discussed at meetings all over the English speaking world, or when it is featured in an editorial of the "Contract Journal" magazine in London, I can not believe that it does not contribute in some small way toward the obliteration of the gangster image of Chicago. I can not but believe that it will cause a few people at least to suspect that maybe we Chicagoans are not as preoccupied with crime and corruption as they may have thought.

As I have said, we certainly did not plan it this way, but now that I have corresponded with the Royal Institute of British Architects, and when a Consulting Engineer in East Melbourne, Australia, arranged his itinerary on a trip to the United States to include Chicago simply to pay us a visit, I am rather strongly convinced that we have inadvertently become unofficial "Traveling Salesmen for Chicago," without having once ventured off LaSalle Street!

HENRY J. COUCH

EXECUTIVE SECRETARY

MECHANICAL SPECIALTY CONTRACTORS ASSOCIATIONS OF CHICAGO

Accounts of other private efforts to promote Chicago and to establish

its good name will be welcomed in these columns. Ed.

To Art Mercier, Outdoor Editor:
As one of your fans, I am going to take advantage of your offer in COMMERCE Magazine and ask some questions about sports.

As I recall, you and your wife had made a trip into the Florida Keys and had a wonderful time fishing in that area. I am very much interested in that area and expect to do some fishing down there during the latter part of December.

Can you advise me on the type of equipment to take into the Keys, when we should make our contacts for reservations and would you recommend that we haul a 16 foot Thompson to Florida? Your reply will be very much appreciated.

W. F. SOSNIEGCKI
METALLURGICAL MANAGER,
MIDWEST DIVISION
REVERE COPPER & BRASS, INC.
Mr. Sosniegcki's letter is typical of scores received by the COMMERCE Outdoor Editor. By coincidence, many of his questions are answered in the article appearing in this issue and others will be answered in the January story about Florida. However, Mr. Sosniegcki and all others who write Art Mercier receive prompt, personal answers to their questions, without charge. Ed.

To the Editor:
Peoples of the world had better spend less time fighting one another and pay more attention to fighting the forces of nature, such as insects, water shortages and diminishing resources, things that have the final say about how we live.
WILLIAM R. SULLIVAN
1116 S. FLOWER
LOS ANGELES 15, CALIF.

Outlook for Construction
(Continued from page 21)
registered in educational and other institutional structures.
Although the trend of housing expenditures has been increasing for a number of months, housing will register only a slight increase for the full year 1961 as compared with 1960. Nonfarm private housing starts this year will amount to about 1,275,000 units compared with 1,230,000 in 1960, a gain of 3.5 per cent. However, the low point

in housing starts was reached a year ago, and the rate of new housing is currently 20 per cent higher than at the beginning of the year. During the past two years, there has been a significant shift in the housing product mix away from single-family homes in favor of apartment units. In 1959 only 16 per cent of all new housing was accounted for by multiple units, but the percentage currently is close to 25 per cent. We would expect this pattern to continue into 1962.

Most analysts project a generally expanding economy over the next twelve months, and it seems likely that currently favorable construction trends will continue through the third quarter of 1962. However, some leveling off may take place in the final three months of the year. Capital spending by industry will be moderately higher and should result in an increase in industrial building. There is some question as to whether institutional construction can maintain its strong pace, but further gains will take place in government outlays, including highways, sewer and water systems, and

administrative buildings. With respect to housing, a moderate gain of perhaps 3 per cent is anticipated. The basic demand factors associated with family formation are not strong enough to provide any spectacular stimulus to housing, although a generally improving income situation will have a favorable influence.

What does this general construction outlook mean with respect to the Chicago area? The apartment boom has been a significant feature of Chicago housing. Approximately 45 per cent of all housing starts in metropolitan Chicago in 1961 have been multiple units. Several factors account for the surge in apartment construction. As the early wartime families move closer to maturity there is a desire to move from homes to apartments. Also, the development of expressways make it easier for the traditional apartment dweller to have an easy access to the downtown area from the suburbs. Financing of apartment units has been relatively easy. The question arises as to whether there has been overbuilding of these rental units. Va-

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cancies have steadily risen in the past three years but are concentrated mainly in the older buildings. We anticipate that apartment construction will continue strong during the first half of 1962, but some leveling out or declines may be evident in the latter part of the year. Approximately 44,000 housing units will be built in the Chicago region this year and the total may be a little higher in 1962. However, there is little prospect for any significant increase in single-family homes.

Industrial and commercial construction in the Chicago area should parallel fairly closely the national pattern. Office building has been at a high level, but a further potential exists in this category. However, we expect diminishing activity in such fields as commercial centers, bowling alleys, industrial parks, etc. During 1961 a total of \$1.2 billion was spent on all types of construction, including housing, in the Chicago region and we estimate that the figure may rise by \$50 million next year, or about 4 per cent.

Outlook for Financial Developments and Business Recovery

By John K. Langum

President, Business Economics, Inc.

FINANCIAL developments in 1962 will be shaped by several key factors. First of these is the magnitude and pattern of recovery and expansion in economic activity. The state of the Federal budget, always important, will have unusual significance in the year ahead. Then, too, the American economy must be related to the economics of other nations, and the balance of international payments will receive renewed attention.

The American economy is in the midst of a major swing up in the business cycle. Gross national product, on a seasonally adjusted, annual rate basis, moved up from \$500.8 billion in the first quarter of 1961 to \$525.8 billion in the third quarter. In the fourth quarter of 1961 a rate of \$535-\$540 billion is being recorded. Present prospects are that the calendar year 1962 figure will be in the area of \$560 to \$565 billion.

Three Out of Four Firms Expect Increased Sales In 1962

More than 3 out of 4 Chicago Area firms anticipate an increase in sales in 1962 over 1961 with an additional 17 percent predicting sales will remain at the 1961 level. Only 3 percent of firms expect a decrease in sales volume.

These figures are part of the results of the survey of Business Outlook for next year conducted by the Research and Statistics Division of the Chicago Association of Commerce and Industry. A total of 508 firms responded to the survey, with a combined employment of 151,344 persons.

The sales outlook, with 78 percent of all respondents predicting an increase, was the same as forecast in 1959 for 1960 sales; but it was much more optimistic

than predicted at the end of 1960 with regard to sales in 1961, when only 58 percent of the firms anticipated a sales increase.

Half of the firms this year predict an increase in profits in 1962; 36 percent anticipate increasing employment, and 65 percent expect wage rates to rise.

Prices of their own products were expected to remain at the 1961 level in 1962 by 57 percent of the firms; while 38 percent anticipate increasing advertising and sales promotion expenditures. 59 percent expected no change in opening inventories, and an additional 59 percent anticipated no change in capital investment expenditures in 1962 over what they spent in 1961.

	Sales %				Profits				Employment				Wage Rates			
	I	NC	D	NA	I	NC	D	NA	I	NC	D	NA	I	NC	D	NA
(208) Manufacturing	76	19	5	0	45	40	8	7	34	64	2	0	76	21	0	3
(120) Services	74	0	5	6	57	21	11	11	39	49	7	5	60	32	1	7
(82) Retail & Wholesale	88	9	3	0	58	25	7	10	33	64	2	1	46	43	3	8
(35) Finance	71	10	3	16	53	26	12	9	34	63	0	3	47	53	0	0
(63) All Other	60	26	11	3	38	38	15	9	46	39	11	4	77	11	2	10
(508) All Firms	78	17	3	2	50	32	10	8	36	57	5	2	65	28	1	6

	Selling Prices				Advertising and Sales Promotion				Opening Inventories				Capital Investment			
	I	NC	D	NA	I	NC	D	NA	I	NC	D	NA	I	NC	D	NA
Manufacturing	30	59	6	5	40	53	4	3	27	56	14	3	37	57	4	2
Services	25	62	1	12	47	36	7	10	8	59	3	30	23	64	1	12
Retail & Wholesale	24	61	6	9	39	51	5	5	25	51	9	15	27	66	0	7
Finance	6	69	3	22	35	53	6	6	3	31	0	66	25	44	0	31
All Other	37	32	11	20	20	61	4	15	4	54	6	36	38	47	0	15
All Firms	27	57	5	11	38	49	6	7	17	59	9	19	31	59	1	9

I — Increase NC — No Change D — Decrease NA — No Answer

Ahead of us, the combination of forces which will bring further expansion will be somewhat different than those which have brought about recovery so far. No doubt, much more inventory accumulation lies ahead, but this will not stimulate the economy much beyond that received from the present rate of additions to inventories. Consumer expenditures are likely to advance substantially, including the spending on automobiles and other durable goods. Business expenditures on plant and equipment are likely to increase to a surprising degree as 1962 proceeds, particularly with a substantial rise in corporate profits. Residential construction should show favorable response to the rising pace of activity in the economy. Rising government purchases of goods and services, particularly under the impact of expanded defense programs, will play a major role in further expansion of economic activity.

This recovery and expansion in business activity will undoubtedly result in increases in demands for funds. Consumer credit will again rise from a new wave of expansion in automobile paper and personal loans outstanding. Commercial and industrial loans will start to reflect expanded business needs for funds, as will corporate issues. Mortgage needs and state and local government issues always bulk large in the overall pattern of demands for funds.

It may reasonably be expected, as well, that the Federal Reserve will change the course of its policy somewhat in the months ahead. The Federal Reserve has already maintained a policy of monetary ease much longer in this recovery than in previous swings up in the business cycle, for it has been in the position of being able to promote expansion in economic activity without immediate fears of further inflation. As expansion proceeds to a higher level, however, the Federal

Reserve will likely change to a policy of less ease, while refraining from a full degree of monetary restraint.

The increase in demand for funds proceeding from cyclical recovery and the expected change in Federal Reserve policy will unquestionably bring higher interest rates as the economy swings up in the business cycle. How far up such a movement in interest rates will proceed will depend partly on the extent of recovery, the degree to which price and wage increases appear, and the balance of payments position of the United States.

The Federal budget will be closely watched in the months ahead. On a cash basis, a deficit of \$8.4 billion is now officially projected for the present fiscal year 1962. It is indicated that the Kennedy administra-

tion contemplates presenting a budget for the fiscal year 1963 which will be in balance. Much depends here, of course, on the international situation and defense spending, in addition to expenditures on domestic programs. Certainly the probable economic situation in the year ahead points to the importance of achieving a balance between Federal expenditures and receipts in fiscal year 1963.

Finally, the balance of payments will again be much in the news in 1962. The deficit in this area reached an annual rate, seasonably adjusted, of \$3 billion in the third quarter, against \$1.9 billion in the second quarter and \$1.4 billion in the first quarter. Gold outflow could increase from accelerated outflow of short-term capital, from increased imports, and from greater dollar outlays abroad for defense purposes.

Outlook For Research And Development

By John K. Diederichs

Director, Management Research
Armour Research Foundation

AT first thought most people do not think of Research and Development as a business. When you learn the size of the expenditures which industry and the Federal Government make you soon come to the idea that R & D is big business, and it is.

This calendar year, 1961, will close with total outlays for R & D coming to some \$15.5 billion. (Exact figures are difficult to come by since the government reports on a fiscal year basis, industry usually reports on a calendar year basis, and universities on an academic year basis. The figures used in this text represent calendar year estimates developed by the Armour Research Foundation from a variety of sources.) Of this amount, the Federal Government will have spent some \$4.00 billion in laboratories and facilities of its own, and it will have spent about \$6.6 billion in privately owned and operated laboratories, making a total outlay of \$10.6 billion. Industry for its own account will have spent about \$4.9 billion, and when you add in the \$6.6 billion of government sponsored research and development, you get about \$11.5 billion worth of R & D as having been done by industry. These amounts are not small. On

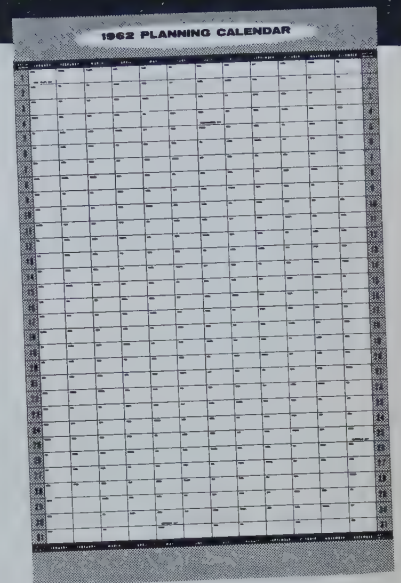
the basis of expenditures alone, you can easily think of R & D as big business, with the Federal Government playing a big role in the business.

The quantities of dollars spent by the Federal Government and industry has been increasing markedly since the end of World War II. The rate of spending has been notably high since 1950; in fact, it has been at an annual rate of increase of about 16 percent. At the close of 1960, a total of about \$14 billion was estimated. If the general growth rate still holds good, there is no apparent reason why it should not, then 1961 should close out with outlays totalling about \$15.5 billion. Applying the same rate, or slightly less, the end of next year, 1962, will record a year of R & D spending of about \$17 billion.

The table on the next page contains data, actual, estimated, and forecasted about R & D spending by source of funds, and in broad categories, application.

Of all the money currently being spent in industrial research and development laboratories, about 70 percent comes from government sources. The government is purchasing R & D services from industry. This practice will continue in 1962

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Year	(1) 1959	(2) 1960	(3) 1961	(4) 1962
Total Research and Development Outlays in Billions of Current Dollars for Calendar Year	12.4	14.0	15.5	17.0
Total Outlays Made by Federal Government Sources	8.5	9.6	10.6	11.6
R and D Done in Government Facilities and Universities, mostly defense items	2.9	3.5	4.0	4.5
R and D Done In Industry Laboratories and Facilities Paid by Federal Funds, mostly defense items	5.6	6.1	6.6	7.2
R and D Done by Industry for Industry, largely consumer oriented	3.9	4.4	4.9	5.3
Total R and D Done in Industrial Laboratories and Facilities	9.5	10.5	11.5	12.5
(1) National Science Foundation and Armour Research Foundation R & D Statistics.				
(2) Estimates Reported by National Science Foundation, plus ARF Adjustments.				
(3) ARF Estimates.				
(4) ARF Forecast, Management Research Division.				

and at about the same proportion.

Industry is now spending for its own account about \$4.9 billion; these outlays are largely for new product development, existing product improvement, new process development, and the like. More than one-half of this R & D effort is directed to the consumer market. For 1962, the total amount will increase to \$5.3 billion.

Industrial managers have been, and are, scrutinizing R & D spend-

ing much more carefully. These managers will tend to favor spending R & D money for product developments which, when achieved, will make early and certain contributions to the company's profit position. Projects competing for R & D funding will be, more than in the past, evaluated in terms of anticipated profitability, certainty of profitability, and time of R & D expense recovery. Only the large companies — those in excess of \$100

million in sales — will tend to support less applied, or more remote to profit, research work. All in all, the general emphasis in industrial research work will be on those programs whose outcome is more readily seen and whose chances for commercial success is higher than those of previous years.


Each year R & D becomes more expensive. Salaries of technical and scientific people have been going up and they will continue to rise in 1962. Scientific and laboratory equipment, which are requisite to R & D work, are growing more complex and more expensive. The rise in equipment costs has been at a faster rate than the rise in scientific salaries and probably will continue to be so in 1962.

This combination of rising costs, salaries, and equipment will cause managers to give the use of R & D monies closer consideration than they would have been given a few years ago. The press to recover these higher costs, in turn, will be greater; consequently, you can look for the emphasis to quick or faster "pay-off" from R & D expenditures. This quicker recovery emphasis will tend to produce more short-range programs than just a few longer-term projects. R & D budgeting will move closer to, and become more a part of profit planning than it has.

As each year finds more dollars being spent on R & D, there results an increase in the goods and services which are available to consumers. In 1962, the consumer will undoubtedly see more items, and more services than he has ever before. These will be the results of R & D expenditures made some time before, during this year, last year, and as many as five years ago.

The year 1961 was a big year for R & D spending, 1962 will be even bigger. The Federal Government will continue to play the role of the big purchases of R & D services. The industrial segment will spend more dollars for its own account which, in turn, will have the effect of producing further industrial growth, more consumer goods, and services, jobs and professions, and corporate profits needed to finance our growth potential.

Research and Development is big business; it will be bigger in 1962, some \$17 billion worth.



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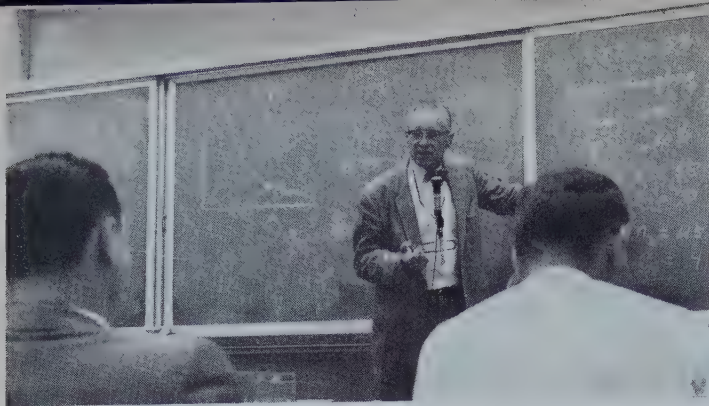
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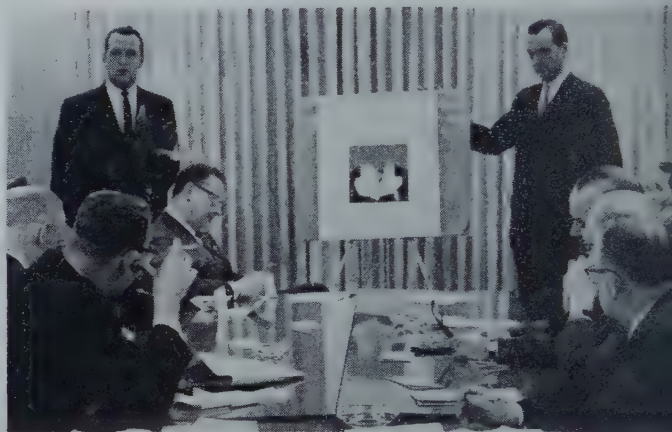
Dr. Lloyd A. Knowler, Professor, State University of Iowa, lecturing at the 16th annual two-day training course in Quality Control. The course is sponsored by the Association and the American Society for Quality Control, Chicago Section



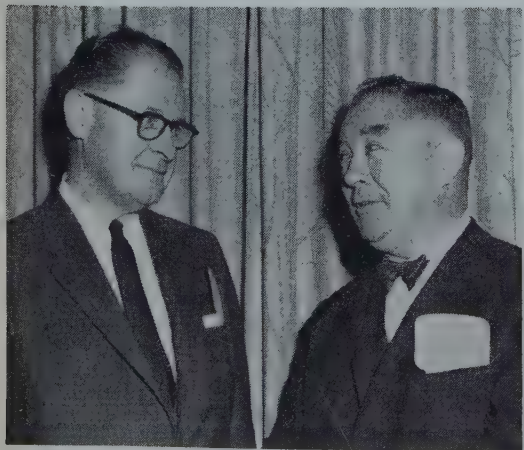
Robert Shackford, Regional Employment Analyst, U. S. Bureau of Labor Statistics, Chicago Regional Office, discusses the findings of a study entitled "Employment in 1980 in Northeastern Illinois" at a meeting of the Research and Statistics Committee



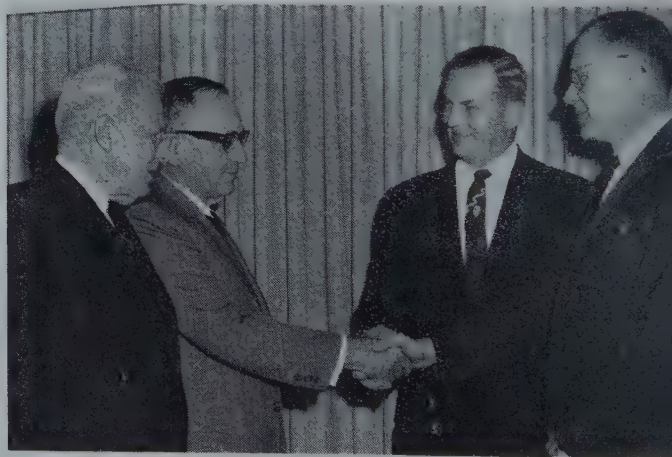
The Publicity Club of Chicago has awarded the Association Public Relations Division first place in its Industry Institutional Category competition for the campaign promoting the 1961 Chicago International Trade Fair. Pictured are (l. to r.) Division Director Robert Cunningham and his staff, George Kroloff and Raymond Becker, surveying a sea of clippings about the Fair



Plans for welcoming 50,000 visitors to the International Home Furnishings Market, January 8 to 17, were discussed at a November meeting of the Association Visitors Bureau. Discussing the show, which is to be sponsored jointly by the Merchandise Mart and the Furniture Mart, are Harry Finkel (standing, left), Advertising and Sales Promotion Manager for the Merchandise Mart, and Thomas J. Lyman (standing, right), Furniture Mart Assistant Vice President



A meeting of the Association Board of Directors brought together radio and TV newscaster Fahey Flynn (r.) and James E. Rutherford, Association President. Flynn discussed the programs and aims of Chicago Unlimited



New members of the Association Transportation Committee are welcomed into the group at their first committee meeting. Pictured (l. to r.) are G. Murray Campbell, Vice President, Baltimore & Ohio Railroad Co., and Frank F. Kolbe, CACI Director and Chairman of the Board, United Electric Coal Company, who are welcoming newcomers Ellis Johnson, Chicago, Rock Island and Pacific Railroad Co. and Dr. John E. Kasch, General Manager, Shipping and Transportation, American Oil Company



Allan N. Moore, General Chairman CACI Industrial Traffic Council, and General Traffic Manager, Acme Steel Co., accepts gavel upon taking office from retiring general chairman G. J. Werner, Traffic Manager, Motorola, Inc.

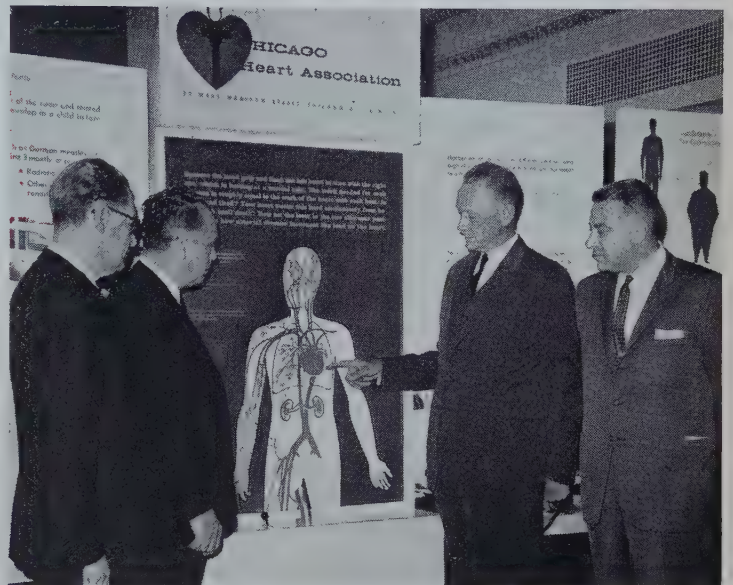


Map of Amsterdam draws the attention of this group during a visit to CACI headquarters of the Amsterdam Trade and Goodwill Tour which was on a visit to the United States. Pictured (l. to r.) are Harold D. Arneson, CACI Vice President for World Trade and President, Abbott Laboratories International Co.; W. H. Lambooy, Consul General of the Netherlands in Chicago; James E. Rutherford, CACI President, and Dr. D. A. Delprat, President, Amsterdam Chamber of Commerce

ASSOCIATION PHOTOGRAPHED IN ACTION



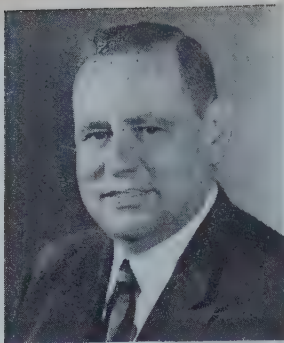
Virgil Martin, President, Carson Pirie Scott & Co., Chairman, Illinois Public Aid Commission, presides the CACI Governmental Affairs Council at IPAC operations. At right is Howard M. Mayer, President, Oscar Mayer & Co., and Chairman, Governmental Affairs Council; and at left is Gordon Watters, Assistant to the Executive Secretary, IPAC



Principal participants in the ninth annual Heart-In-Industry Conference, Nov. 16 at the Sherman Hotel were: standing (l. to r.) James E. Rutherford, CACI President; James C. Worthy, Vice President, CACI Division of Health, Education and Welfare, and Business Consultant; Dr. Willis J. Potts, Chicago Heart Association President, and Dr. C. A. D'Alonzo, Assistant Medical Director, E. I. duPont de Nemours and Co., Wilmington, Delaware. Conference's theme was "Recent Advances in the Conquest of Heart Disease"

The future of Chicagoland's waterborne shipping is discussed during a meeting of the CACI Harbors and Waterways Committee by Lt. Gen. E. L. Cummings, Commanding General, Fifth Army Headquarters; William Bricen Miller, Chairman, Harbors and Waterways Committee and Partner, Lord, Bissell & Brook; Lt. Gen. W. K. Wilson, Jr., Chief of Engineers, Department of the Army, Washington, D.C.; Major Gen. E. C. R. Lasher, U. S. Army (Retired), Transportation Committee member and President and Chief Executive Officer, North American Car Corp.; and Brig. Gen. T. De F. Rogers, Executive Officer, Harbors and Waterways Committee and Division Engineer, North Central Division Corps of Engineers





Logelin Nominated Association President

Edward C. Logelin, Vice President, United States Steel Corporation, has been nominated for Association President for 1962. The annual election will be held January 10, 1962. Traditionally, the slate offered by the nominating committee is elected.

Logelin is a native Chicagoan who started as a stenographer, attended night school at Northwestern University, rose through the U. S. Steel Corporation ranks in the public relations department to his present post as Vice President.

He is active in numerous civic, educational, religious and charitable organizations and is an officer in more than a dozen.

Except for three years' service with the corporation in New York, Logelin spent all of his nearly 30 years with the firm in Chicago. He was director of public relations from 1946 to 1954 when he was promoted to his present position.

Other new nominees are Vice President for Research and Statistics: A. C. Schumacher, Economist, Chicago Title and Trust Company; Vice President for Revenue: H. Bowen Stair, Vice President, Illinois Bell Telephone Company; Vice President for World Trade: C. M. Blumenschein, Vice President and Controller, Container Corporation of America; General Secretary, James E. Day, President, Midwest Stock Exchange; and General Treasurer, W. G. Olson, Vice President, Continental Illinois National Bank and Trust Company.

Six new members of the Board of Directors were nominated for two-year terms, and there is one vacancy yet to be filled. Nominees are John K. Langum, President, Business Economics, Inc.; E. E. Hargrave, Administrative Vice President, Jewel Tea Company; H. P. Hargrave,

Jr., Merrill Lynch, Pierce, Fenner & Smith, Inc.; Patrick H. Hoy, Senior Vice President, Material Service, General Dynamics Corp.; Joseph B. Lanterman, President and Director, American Steel Foundries; and J. W. Sheldon, President, Charles A. Stevens & Company.

Two nominees named to fill unexpired terms ending December 31, 1962, are H. D. Arneson, President, Abbott Laboratories International Company, and Paul C. Raymond, Vice President, American National Bank.

First R & D Conference Attracts 200 Experts

A conference aimed at strengthening Chicago's research and development industries and establishing a permanent Chicago Area Research and Development Council under CACI auspices was sponsored by the Association's Industrial Development Division on Nov. 30.

The all-day conference brought together more than 200 experts in the fields of scientific activity, technology and education, to foster new techniques and recommend immediate and long-range plans for community action to bolster Chicago's position in this field.

The theme of the conference was, "How industry, finance and the university can benefit most from expanding new technologies." Chairman of the event was Ben W. Heineman, Division Vice President, Chicago and North Western Railway Co.



Prall Takes Trade Fair Position

Bert A. Prall has taken the position of Director of Merchandising for the Chicago International Trade Fair, it was announced by Association President James E. Rutherford. The Fair is a division of the CACI.

Prall's previous positions include Chairman of the Board, the Federal Reserve Bank of Chicago; Vice President, Director of Montgomery Ward and Company, and President of Butler Brothers.

Presently he is Director and Member of the Finance Committee of Universal Oil Products Company; Director and Member of the Executive Committee, McCrory Corp.; Director of the National Security Bank of Chicago; Director, Chicago Association of Commerce and Industry; Director, Chicagoland Commerce and Industry Exposition, Inc.; Member of the Advisory Committee of the Civic Federation of Chicago; Member of the Advisory Committee of Junior Achievement of Chicago; and Vice President and Director, Goodwill Industries of Chicago.

Memorial Resolutions

The Association Board of Directors has passed memorial resolutions paying final tribute to three directors whose deaths were reported.

They are Charles S. Bridges, John Holmes, and Guy D. Cooper.

Mr. Bridges, who was President of Libby, McNeill & Libby, died Nov. 24. He served with the Board of Directors since 1956, and was active in a number of civic projects.

Mr. Holmes, who was retired, died Oct. 21. He was formerly president and board chairman of Swift & Co. His service with the Association dates from 1940 to 1955. He

was one of the leaders in advancing Chicago's hospital facilities, he helped make Chicago one of the museum centers of the world and did much to advance mass transportation and to improve the city's safety record.

Mr. Cooper, a member of the present Board, died Oct. 12. He was president and chief executive officer of Cooper-Jarrett, Inc., a trucking firm. His participation in civic projects following his service as an officer in World War II was especially helpful in Chicago's role as a transportation center.

Calendar of Association Events

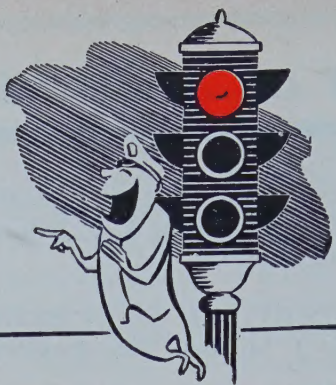
December 15	RESEARCH CLEARING HOUSE COMMITTEE LUNCHEON MEETING — Chairman, A. C. Schumacher, Economist, Chicago Title and Trust Co.	Traffic Club Palmer House 12:15 P.M.
December 18	AVIATION COMMITTEE LUNCHEON MEETING — Chairman, James J. Mitchell, Vice President, Stewart, Smith (Illinois) Inc.	Conference Room 12:00 Noon
December 19, 20 January 4, 9, 10	MEMBERSHIP LUNCHEON MEETINGS	Conference Room 12:15 P.M.
January 4	INDUSTRIAL TRAFFIC COUNCIL LUNCHEON MEETING — Chairman, A. N. Moore, General Traffic Mgr., Acme Steel Co.	Traffic Club Palmer House 11:45 A.M.
January 5	BOARD OF DIRECTORS LUNCHEON MEETING — President, James E. Rutherford	Conference Room 12:00 Noon
January 8	RESEARCH CLEARING HOUSE COMMITTEE LUNCHEON MEETING — Chairman, A. C. Schumacher, Economist, Chicago Title and Trust Co.	Conference Room 12:15 P.M.
January 11	PUBLIC RELATIONS COMMITTEE LUNCHEON MEETING — Chairman, Warren E. Thompson, Assistant Vice President, Chicago Title and Trust Co.	Conference Room 12:00 Noon
February 7	ANNUAL MEETING	Grand Ballroom Palmer House 12:00 Noon

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Stop me...If...



"I knew them danged scientists would keep afoolin' around until they did something they hadn't oughter," stormed the old man of the hills. "Now look what they've gone and did."

"What's that, Pa," asked his wife. "You mean the atom bomb?"

"Heck, no," exploded the old man. "They've discovered something beside likker to cure a cold."

"Mother, what does 'apt' mean?" inquired Dot, returning home from school. "Why, my dear, it means 'smart . . . quick to learn.' Why?"

"Oh, nothing much," said Dot, airily. "The teacher told me today I was apt to flunk."

The lawyer informed his client, "I have arranged a settlement with your husband that is fair to both of you."

"Fair to both!" she stormed. "Why do you think I hired you? I could have done that myself."

Elmer, age 13, was puzzled over the girl problem and discussed it with his pal Joe.

"I've walked to school with her three times," he told Joe, "and carried her books. I bought her an ice cream soda twice. Now, do you think I ought to kiss her?"

"Naw, you don't need to," Joe decided after a moment of deep thought. "You have done enough for that girl already."

The young man was practicing on his saxophone in the wee hours of the morning when the landlord came in.

"Do you know there's a little old lady sick upstairs?" asked the landlord.

"No," answered the musician, "Hum a little of it."

"Why are you stopping?" she inquired as the car came to a halt.

"I've lost my bearings," her date answered.

"Well, at least you're original," said she. "Most fellows run out of gas."

A small boy was bored on a long auto trip. Suddenly, he turned to his father and said:

"I wish you'd let Mom drive—it's more exciting."

Psychiatrist: "What would you say would be the difference between a little boy and a dwarf?"

Patient: "Well, there might be a lot of difference."

Psychiatrist: "What, for instance?"

Patient: "Well, the dwarf might be a girl."

"This house," stated the real estate man, "has both good and bad points. To show you I'm honest, I'm going to tell you about both. The disadvantages are that there is a distillery one block south and a slaughterhouse one block north."

"What are the advantages?" inquired the prospective buyer.

"You can always tell which way the wind is blowing."

Officer: "Say Mr. Jones, where are you going at 4 a.m.?"

Mr. Jones: (turning into his driveway): "To a lecture."

The little boy approached his father who was standing by the edge of a cliff, admiring the scenery. He piped, "Mama says it isn't safe here and you're either to come away or else give me the picnic basket."

First Salesman: "I noticed you talking to a strange woman?"

Second Salesman: "Is there any other kind?"

"You can't trust anyone these days. This morning my grocer gave me a phony quarter."

"Let's see it."

"I can't. I passed it at the drug store."

"Didn't I hear the clock strike two as you came in last night?" asked the wife at the breakfast table.

"Yes, dear," her spouse replied sweetly from behind the morning paper. "It started to strike ten but I stopped it to keep from waking you."

Judge: "Do you realize that by leaving your wife you are a deserter?"

Defendant: "If you knew that woman as I do, you wouldn't call me a deserter; you'd call me a refugee!"

Sam complained, "I don't know what Ralph does with his money. He was broke last week and he's broke again today."

"Is he asking for a loan?" Frank inquired.

"No, I tried to borrow from him."





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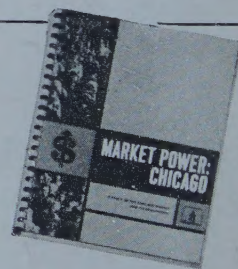
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